SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

Government Affairs Update

By Roy Littlefield

As we move further into 2021 and the economy opens and consumer spending rises, SSDA-AT continues to manage its COVID-19 response through legislative actions on both the state and federal levels. With the new administration, we continue to see a wrath of legislation aimed at our industry, especially on environmental initiatives.

The political and economic landscape in 2021 has been challenging. SSDA-AT continues to monitor President Joe Biden's aggressive plans in his early days of his presidency.

Infrastructure funding continues to be a hot topic on Capitol Hill. SSDA-AT has been meeting with key committee staff on our policy priorities for the 117th Congress.

We have met with House Committee on Transportation and Infrastructure (T & I) majority and minority staff and the Senate Committee on Environment and Public Works (EPW) majority staff and minority staff. President Biden has stressed that infrastructure will be a top priority as part of the COVID recovery effort.

Recently, SSDA-AT participated in a meet and greet with Charles Small, deputy assistant secretary of intergovernmental affairs at the U.S. Department of Transportation. SSDA-AT also spoke at a recent meeting with the honored guest, Greg Pence (R-Ind.-06), brother of former Vice President Mike Pence. We discussed with Pence the pending highway bill, the recently passed COVID package and the Estate Tax.

In April President Biden released the first phase of his "Build Back Better" proposal, the "American Jobs Plan," focusing on the infrastructure components of the White House's recovery efforts as well as addressing climate change, environmental justice and job creation. SSDA-AT plans to be heavily involved in funding discussions. The package includes $2.3 trillion in spending over eight years, with a $621 billion investment in transportation and the resiliency of U.S. infrastructure.

The administration also is releasing a "Made in America Tax Plan" to ensure corporations are paying their fair share in taxes and to encourage job creation at home. The proposal includes an increase in the corporate tax rate to 28% and measures designed to prevent offshoring of profits to fund the infrastructure spending, according to the White House. Republicans reduced the corporate tax rate to 21% from 35% as part of their 2017 tax law.

SSDA-AT is watching closely as the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure continue to move forward with their transportation reauthorization efforts. It is unknown how events will unfold at this time. The corporate tax increase pay-for will be very problematic for Republicans. We continue to push for a bipartisan approach in hopes of avoiding a partisan reconciliation process. Additionally, educating members of Congress on the value of preserving the 80/20 split for highways and transit of contract authority from the Highway Trust Fund as part of the highway bill reauthorization is of utmost importance right now.

Everyone has seen the importance of highways throughout the pandemic, and Congress cannot allow highway investment to become an afterthought.

OPTIMIZING YOUR BUSINESS THROUGH RESPONSIVE DESIGN

Since the arrival of the COVID-19 pandemic, searching online has become the cornerstone of the economy's "new normal" and you need to be ready to connect with your customers on their own terms, no matter where they are. Everyone in the automotive industry has seen how the COVID-19 pandemic has already dramatically accelerated this trend over the past few months and, with 53% of users abandoning any website that takes more than 3-seconds to load, the need for every business to have an optimized, easy-to-navigate website has only increased.

Here's a few facts that underscore exactly how important a well-designed website is for your business:

57% of internet users say they won't recommend a business with a poorly designed website

94% of first impressions of a website are design-related

75% of consumers admit to making judgments on a company's credibility based on the company's website design.

While your website is still the heart of your digital presence, much of today's browsing happens on a wide range of devices with different screen sizes. For example, Apple and Samsung alone are currently selling products with more than 30 different screen sizes! Add the number of tablets, laptops, and desktops on the market from other companies and you've got 100+ screen formats. That's why your website has to be based on what is known as a responsive design.

Responsive design is an approach to web page creation that allows you to have pages that automatically detect the visitor's screen size and orientation and change the layout automatically to provide a seamless browsing experience. Responsive websites adapt to all screen sizes and resolutions, not only on desktop but also on mobile, tablet, and sometimes even a smart TV.

MOBILE MATTERS MOST

But the big driver behind updating your site to a responsive format can be summed up in one word: Mobile. In 2020, the number of global smartphone users is projected to reach 3.5 billion and 96% of Americans now own a cell phone, 81% of which are smartphones. Mobile technology has enabled consumers to shop anywhere they are at any time, so having a site with a responsive design is critical. Mobile traffic was responsible for nearly 79% of all global traffic last year, meaning that a website not well optimized for mobile devices is losing out on more than three-quarters of its traffic.

Businesses without a mobile-friendly website are falling behind at an alarming rate, because 8 in 10 visitors will stop engaging with a website that doesn't display well on their device. We all know that first impressions matter and, with such a significant percentage of all digital searches completed from a mobile device, mobile-first design is crucial because it's way too easy for users to hit the back button and try a rival instead. What's more, Google prioritizes responsive websites in ranking responses to searches. In other words, responsive web design is also likely to increase a shop's visibility on search engines without changing a single piece of your SEO strategy.

Want to see how your current site stacks up to the competition? Then go ahead and take Google's mobile-friendly test here.

But with the majority of your customers owning – and searching – on more than one device, 83% of mobile users say that they should be able to continue the experience on desktop if they wish. That's why you need a comprehensive responsive design to display your products and services.

RESPONSIVE DESIGN: BEST PRACTICES

When starting a responsive design project, its best to begin with the mobile version. Mobile websites have more usability concerns (mostly due to the lack of real estate on a smaller screen), so it's practical and more efficient for the primary focus to be on mobile design. It's also easier to scale up the mobile version than it is to scale down the desktop version (mostly because of the lack of space on mobile websites). Mobile-first web design helps you to reevaluate what's visually and functionally necessary.

Continued on page 3

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Continued from page 2

But responsive web design is not just a matter of squeezing things to fit different screens - it's about delivering one website countless ways depending on the width of the screen. But what to add? What to remove? How do you prioritize what's most important? What are the implications for search rankings? And how do you do all of that with just one code base?

It really takes an expert to code a responsive website, but here are five best practices to keep in mind when upgrading your site:

Hidden Navigation Menus

On smaller screens hiding the main navigation menu is a good way of keeping layouts simple. An icon, text, or combination of both indicates to the user where the menu is. Your options include a simple drop-down menu where the menu slides down and covers the main content below or the overlay method where the menu expands and covers the whole screen.

Larger Clickable Areas

It sounds counter-intuitive, but rather than making buttons smaller on mobile you make them larger so that they are easier to tap. In fact, this doesn't just apply to small screens, it's good for them to be large whatever the device – from touch screen tablets to desktop PCs. Large buttons improve usability. In addition to making buttons larger, text links also benefit from being larger.

For example, if you have a grid of headlines that promote a product or service special, you may want to use a text link that says "Read More" under each of them. To make it even easier to use, be sure to make the whole content block a link so that the user can click anywhere.

Design for Thumbs

Responsive web design is tricky in the sense that users will interact with the desktop website via clicks, but the mobile version will be accessed via taps and swipes. There are physical differences as well. Desktop users typically have their computers on a surface, whereas mobile users hold their devices in their hands. These differences significantly change the way mobile user interface (UI) designers design "tap" targets and other important elements because thumbs can easily reach the center of the screen when held in one hand.

Important Information Goes Up Top

Show telephone numbers, contact info, "buy now" prompts, and other critical messages at the top on mobile. Mobile users want information quickly, but this also works well on any device. For example, on any of your eCommerce product details page it's good to have the "Add to Basket" button visible to the majority of users without them having to scroll.

Link Phone Numbers and Addresses

Optimizing for mobile is all about streamlining a customer's experience and any action should take them as few steps as possible. This means taking advantage of interactions on mobile that will help make visiting your website (or buying your product, scheduling service, or contacting your business) an easy and pleasant experience. One simple way to add value to your "contact us" page is to make your phone number a clickable link. Everybody knows the pain of frantically swapping back and forth between your phone and browser apps to type in a phone number or trying to copy it and accidentally copying all of the other content on the page, too. You can do the same with your address by making it launch in Google Maps to highlight the location of your shop and make getting directions as easy as a single tap or two.

In 2020, all of this – and more - is essential if you want to have a well-optimized website for your business. Since it's possible that half of your website traffic is coming from mobile, it is not an option to alienate them by giving them a sub-par experience. By reviewing your site with these responsive design best practices in mind, you'll be able to determine if your site is truly fit for the mobile-first times we live in or if you need to make some changes.

This article was created by the team at Net Driven. Learn more about Net Driven digital marketing solutions by visiting www.netdriven.com.

Federal Stimulus, Fair Trade to Boost US oil, Gas Sector

The Biden administration's proposed economic stimulus packages and the expansion of fair trade worldwide will help revitalize the US oil and natural gas sector, said Neel Kashkari, Federal Reserve Bank of Minneapolis President and CEO, speaking at the Williston Basin Petroleum Conference. Kashkari also noted that US drilling is not surging despite higher oil prices and reflected on the importance of the Permian Basin, Bakken Shale and Dakota Access Pipeline to the global economy.

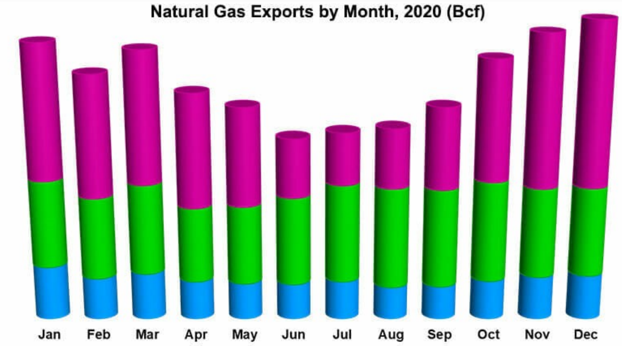
U.S. Natural Gas Exports Grew 13% in 2020 Despite Pandemic, Says DOE

Total 2020 U.S. gas exports to Canada, Mexico and overseas LNG markets grew to 5.28 Tcf or 14.4 Bcf/d, said DOE's gas regulation division in the quarterly tally published Wednesday (May 5). The previous annual trade scorecard recorded an increase to 4.65 Tcf or 12.8 Bcf/d in 2019 from 3.6 Tcf or 9.6 Bcf/d in 2018.

International natural gas traffic rebounded in late 2020 but not enough to make up for all the damage inflicted on demand and economies by the Covid-19 pandemic, researchers said.

In the final three months of 2020, total U.S. exports of 1.56 Tcf topped a third-quarter low by 41%, researchers said. American sales to Canada grew by 21% and their prices jumped by 31.5%.

Natural Gas Exports by Month, 2020 (Bcf)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total	509.8	454.3	497.4	420.8	395.3	338.5	349.2	357.0	395.4	481.4	527.1	551.8
LNG by Vessel and ISO Containers	249.6	225.7	244.1	210.4	182.3	108.9	96.1	110.2	151.1	222.6	280.6	304.2
Mexico (pipeline and truck)	161.0	151.2	166.7	138.6	145.3	163.0	181.2	185.9	182.1	185.9	166.2	164.6
Canada (pipeline and truck)	99.3	77.4	86.6	71.8	67.8	66.6	71.8	60.8	62.2	72.9	80.3	83.0

Source: DOE

Biden Says He's Open to Compromise on Corporate Tax Rate, The Hill

President Biden said that he is open to compromise on his proposal to raise the corporate tax rate, but said he would not back an infrastructure bill that is not paid for because of concerns about the deficit.

Biden was asked following remarks at the White House if he was open to an increase of the corporate tax rate to 25 percent instead of his proposed 28 percent.

"I'm willing to compromise but I'm not willing to not pay for what we're talking about," Biden told reporters. "I'm not willing to deficit spend. They already have us $2 trillion in the whole."

Biden's proposal has been criticized by Republicans and at least one Democrat, Sen. Joe Manchin (W.Va.), who said he believes a 28 percent corporate tax rate is too high. The rate is currently 21 percent.

Biden proposed the tax increase in order to pay for his $2.3 trillion infrastructure and climate plan. He said he is planning to meet with Republican lawmakers next week on infrastructure, describing himself as serious about negotiations with lawmakers from the opposing party.

A group of Republicans, led by Sen. Shelley Moore Capito (W.Va.), unveiled an infrastructure proposal about a third of the size of Biden's focusing on repairs to traditional infrastructure, such as roads and bridges.

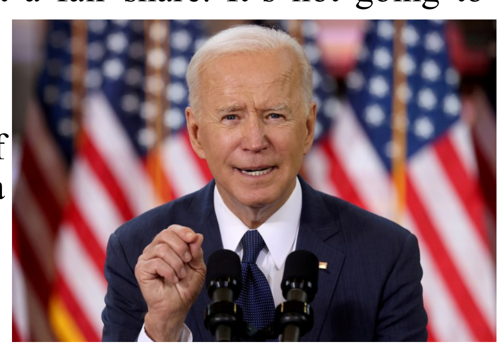
Biden has also proposed raising taxes on wealthy Americans to pay for his $1.8 trillion families plan, which would provide universal prekindergarten and tuition-free community college as well as tax credits to low- and middle-income families.

Business groups, however, are preparing to make the case against the proposed tax increases, focusing attention on moderate Democrats.

Biden defended his proposals Wednesday, arguing they would spur economic growth and help working families without changing the lifestyle of those at the top.

"We're not going to deprive any of these executives of their second or third home, travel privately by jet. It's not going to affect their standard of living at all, not a little tiny bit," Biden said, his voice rising. "But I can affect the standard of living of the people that I grew up with, if they have a job."

"I'm going to have to be able to explain this and I'm going to keep banging on it," Biden continued. "This is about making the average multimillionaire pay just a fair share. It's not going to affect their standard of living a little bit."



Republicans Unveil $568b Infrastructure Package to Counter Biden, Reuters

U.S. Senate Republicans proposed a $568 billion, five-year infrastructure package as a counteroffer to President Joe Biden's sweeping $2.3 trillion plan, calling their measure a good-faith effort toward bipartisan negotiations.

The proposal, which falls below even the range of $600 billion to $800 billion that Republicans floated earlier in the week, focuses narrowly on traditional infrastructure projects and broadband access.

It drew a mixed response from Democrats, who narrowly control both chambers of Congress. Some Democrats dismissed it as inadequate to the task of repairing America's infrastructure and reliant on user fees that would penalize working people.

The Republican plan would not result in higher taxes but be fully paid for with user fees on electric vehicles and other items, unspent federal funds and possible contributions from state and local governments.

"This is the largest infrastructure investment that Republicans have come forward with," said Senator Shelley Moore Capito, who has helped lead the effort as top Republican on the Senate Environment and Public Works Committee.

"We see this as an offer that's on the table and deserves a response," the West Virginia lawmaker told a news conference.

Republicans sent the proposal to Biden on Thursday, before unveiling the package, which represents less than one-quarter of the Democratic president's plan.

Democratic Senate Majority Leader Chuck Schumer had no immediate comment on the Republican proposal, but told reporters: "Any infrastructure proposal has to be green and cannot be paid for on the backs of working people."

Biden, who asked Republicans this week to offer a counterproposal by mid-May, proposed an infrastructure plan that includes

Continued on page 7

Republicans Unveil $568b Infrastructure Package to Counter Biden, Reuters

Continued from page 6

not only traditional infrastructure projects but seeks to alter the course of the U.S. economy by addressing climate change and expanding human services such as care of the elderly.

Republicans have opposed the size and scope of the Biden proposal, as well as its plan to pay for spending by raising taxes on U.S. corporations.

Senate Minority Leader Mitch McConnell said the new proposal "has the potential to be a reasonable and bipartisan alternative and we're hoping that Democrats are interested in doing something along those lines."

TWO-TRACK APPROACH

But it could also form the basis of a two-track infrastructure process that would include a smaller bipartisan bill and a larger measure that Democrats could move through Congress without Republican votes.

"It's a starting point," said Senator Joe Manchin, who has insisted that Democrats work with Republicans on infrastructure. "I'm sure that we can find a compromise."

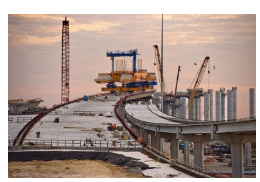
Manchin, a moderate Democrat from heavily Republican West Virginia, is a critical swing vote in the Senate.

Biden has proposed $650 billion for roads, rail and transport, but that portion of his plan also includes a $174 billion investment in electric vehicles that is absent from the Republican framework.

Republicans would spend $299 billion on roads and bridges, $65 billion on broadband, $61 billion on public transit systems, $44 billion in airports, $35 billion on drinking water and wastewater systems, $20 billion on rail, $17 billion on ports and inland waterways, $14 billion on water storage and $13 billion on transportation and pipeline safety.

Republican Senator Pat Toomey said state and local governments that are flush with tax revenues and COVID-19 relief funding could also be asked to help pay for infrastructure projects.

Biden and his Democratic allies in Congress could need Republican support to get infrastructure through the Senate and House of Representatives.



Exxon, BP Lead Big Oil Victory in Supreme Court Climate Case (3)

Exxon Mobil Corp., BP Plc, and other energy giants triumphed Monday in an arcane but consequential U.S. Supreme Court case that gives the industry a chance to gain the upper hand in climate litigation nationwide.

The justices ruled 7-1 that a federal appeals court should have considered a full suite of industry arguments, rather than focusing on a narrow issue, in a tussle over whether a pioneering lawsuit from Baltimore belongs in state or federal court.

The decision will reverberate in the rapidly expanding world of climate liability, likely delaying more than a dozen other cases from state and local governments caught in similar procedural fights. Justice Samuel Alito, who has previously disclosed investments in energy companies, didn't participate in the case.

The Supreme Court's decision doesn't address the merits of the climate claims, but it gives oil and gas companies a fresh chance to steer litigation toward the federal court system, which is viewed as a more favorable venue than state courts for industry defendants.

"Today's decision from the Supreme Court addresses an important issue of federal appellate jurisdiction, and Chevron looks forward to showing in the next stage of the proceedings why this case belongs squarely in federal court," Chevron Corp. spokesman Braden Reddall said in an email. An Exxon spokesman likewise reiterated that climate cases should proceed in federal court.

Sara Gross, chief of the affirmative litigation division in the Baltimore City Department of Law, said in a statement: "While this isn't the outcome we wanted, we are fully confident that the City will prevail again when the remaining issues are considered by the Court of Appeals." She added that federal judges across the country have rejected an array of industry arguments for federal jurisdiction.

The cases are part of a nationwide legal movement to make fossil fuel companies pay for local costs associated with climate change, including rebuilding roads, responding to natural disasters, and strengthening infrastructure.

Baltimore filed its case in Maryland state court in 2018, and industry lawyers quickly maneuvered to litigation to federal court, setting off the procedural tug of war that ultimately landed before the justices. The Trump administration argued alongside the oil industry in the case on President Donald Trump's final full day in office.

The Supreme Court ruled Monday that the U.S. Court of Appeals for the Fourth Circuit approached the case too narrowly when it reviewed only one of the industry's argument's for federal jurisdiction, rather than considering other points that were rejected by a federal district court.

The justices remanded the case to the Fourth Circuit for further consideration—which will allow industry lawyers to make broader arguments for blocking proceedings in state court.

Exxon, BP Lead Big Oil Victory in Supreme Court Climate Case (3)

Continued from page 8

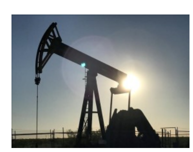
The court declined the industry's invitation to take the ruling a step further by declaring that federal court is the proper venue. "That task, however, does not implicate the circuit split that we took this case to resolve and we believe the wiser course is to leave these matters for the Fourth Circuit to resolve in the first instance," Justice Neil Gorsuch wrote for the majority. Justice Sonia Sotomayor was the sole dissenter in the case, arguing that the procedural decision could create gamesmanship in litigation by encouraging defendants to angle for access to appellate courts using "strained theories of removal."

The ruling is expected to delay various state court proceedings against oil and gas companies, giving industry lawyers a new opportunity to pursue federal court jurisdiction in some cases.

"This is a victory in the sense it's a significant delay, and these have already been delayed," said Karen Sokol, a law professor at Loyola University New Orleans. "So that that's a big victory for the defendants because that's been their part of their strategy all along."

Allies of Baltimore and other plaintiffs say the Supreme Court's decision may shift the timeline but won't derail efforts to hold the industry accountable for allegedly misleading the public about the leading role of fossil fuels in climate change.

"This narrow procedural ruling may ultimately have little impact on efforts by Baltimore and more than 20 other states and municipalities to hold oil and gas corporations accountable for causing and lying about climate change," Richard Wiles, executive director of the Center for Climate Integrity, said in a statement. The decision is also likely to result in earlier federal court consideration of the merits of the cases, said BakerHostetler lawyer Mark DeLaquil, who frequently represents industry clients. "Both plaintiffs and defendants would benefit from the certainty federal-court consideration would provide on the legal questions these suits raise," he said. Baltimore's case started three years ago. After the city launched its challenge in state court in 2018, industry lawyers raised a variety of arguments to push the suit to federal court, including that it falls under what's called "federal officer jurisdiction" because U.S. officials directed and leased some of the defendants' oil and gas production. A federal judge disagreed and remanded the case to state court. Remand orders usually can't be appealed, but U.S. law includes an exception when "federal officer" arguments are at play. Relying on that exception, industry lawyers took the case to the U.S. Court of Appeals for the Fourth Circuit. The appeals court then focused its review on that federal officer issue and ultimately sided with Baltimore, keeping the case in state court. The oil companies say the Fourth Circuit should have looked beyond the federal officer question and considered all their additional arguments for federal jurisdiction.



The case will now return to the Fourth Circuit for a panel to consider those broader arguments.

The Hill: Biden says He and GOP both 'sincere about' Seeking Infrastructure Compromise

President Biden said that both he and congressional Republicans are making "a genuine effort" to compromise on infrastructure.

Biden huddled in the Oval Office with Sen. Shelley Moore Capito (R-W.Va.) and a group of other GOP senators who have unveiled an infrastructure proposal about a third the size of his own $2.3 trillion plan. Biden is trying to feel out whether there is space for a bipartisan deal, a possibility of which both Republicans and Democrats remain skeptical.

“We'll see if we can work out some, on a compromise on infrastructure. And I know they're sincere about it, so am I,” he told reporters who were briefly allowed into the meeting Thursday afternoon. Biden said that he and the senators would discuss what exactly constitutes infrastructure and how large of an investment should be made in rebuilding it.

“It's a genuine effort, I think we get there,” he said.

The president told reporters he is “prepared to compromise” when asked if he was prepared to make an offer below the plan he has laid out, reiterating his openness to change on his proposal.

Capito and the other Republicans have introduced a $568 billion infrastructure plan that focuses on repairing traditional infrastructure such as roads and bridges. Biden’s includes funding for those projects as well as electric vehicles and other technologies to address climate change, research and development and home care.

Senators said during a brief exchange with reporters following the meeting that they were encouraged.

“We had a very productive, more than courteous give and take,” Capito said. “We did talk specifics, and the president has asked us to come back and rework an offer so that he can react to that and re-offer to us.”

Despite Biden’s and the senators' stated optimism, Republicans and Democrats remain far apart on the elements of an infrastructure bill and how to pay for it. And members of both parties are skeptical of the opposing side's willingness to negotiate in good faith.

Following a meeting with Biden at the White House on Wednesday, Senate Minority Leader Mitch McConnell (R-Ky.) sounded optimistic about the possibility of a deal but also said Republicans told Biden they would not support undoing parts of the 2017 tax cut bill signed into law by former President Trump.

Biden has proposed raising the corporate tax rate to 28 percent from 21 percent, a level set by the 2017 tax law, in order to pay for the infrastructure plan over 15 years.

Among those in attendance for Thursday’s meeting were GOP Sens. Roy Blunt (Mo.), Mike Crapo (Idaho), Pat Toomey (Pa.), Roger Wicker (Miss.) and John Barrasso (Wyo.). Vice President Harris, Commerce Secretary Gina Raimondo and Transportation Secretary Pete Buttigieg also represented the administration at the meeting, which concluded after about an hour and a half.

Without a bipartisan deal, Biden would need to try to advance parts or all of his $4 trillion legislative agenda using budget reconciliation with only Democratic support, which would require getting every Senate Democrat on board with a bill.

Market Watch: Electric Vehicle Market Growth is a Blessing for Some Metals — and not a big worry for oil

Growth in the electric-vehicle market has been a blessing for metals like copper and lithium. It has also raised concerns about the long-term outlook for oil demand that some analysts say aren't justified.

"The electric-vehicle industry has already had a noticeable impact on commodity markets, most notably supporting strong growth in the price of metals such as copper, platinum, and palladium, which are important to auto manufacturing," says Cailin Birch, global economist at The Economist Intelligence Unit.

The global electric-car market saw growth of 41% last year, according to an International Energy Agency report. The strong momentum for electric cars has continued into 2021, and the market is "on track for a decade of strong expansion."

"Newly announced plans from China…and the U.S. to boost their domestic manufacturing capacity in this critical sector will lend further support" in coming years to prices for metals used in EV manufacturing, Birch says.

Fuel cells used to power some EVs reportedly employ small, but expensive, amounts of platinum and palladium. Battery EVs, meanwhile, contain 183 pounds of copper, according to the Copper Development Association.

This year, futures prices for copper HGN21, +0.87% HG00, +0.87% have climbed 29%, platinum PLN21, -2.01% PL00, -2.01% is up 14%, and palladium PAM21, -1.30% PA00, -1.30% has added 21%.

The Biden administration has proposed a $174 billion investment in the EV market. It is also pushing for an EV tax credit renewal. If that happens, it "could drive higher-than-expected demand," says Pedro Palandrani, analyst at exchange-traded fund provider Global X. For key materials like lithium, which is used in batteries, "that's one more tailwind."

Average lithium prices have climbed by 41.6% so far this year through April 2021, according to Benchmark Mineral Intelligence. That follows a drop over the past three years that saw average prices fall from $18,729 per metric ton to $7,725 as of October 2020.

Lithium demand is expected to increase more than 300% over the next five years, to one million metric tons by 2025, "driven largely by the growth in EVs," Palandrani says. By 2030, demand may reach two million metric tons, with EVs accounting for over 95% of that.

But as some metals look to benefit from EV growth, talk of a potential hit to demand for oil CL.1, -0.02% BRN00, -0.03% has climbed.

A report from IHS Markit shows that last year, light plug-in and fuel-cell vehicles, as well as electric city buses and two-wheelers, collectively displaced about 370,000 barrels per day of global oil consumption. By 2025, that may grow to 1.5 million barrels per day, equal to about 1.4% of the projected level of total world oil demand.

For now, analysts aren't very concerned. As car manufacturers roll out a large number of new EVs by 2025 and beyond, "invariably, some of those can make market penetration and continue to eat into traditional market share for liquid fuels," but that's largely a "developed economy, or rich country issue at this point," says Dean Foreman, chief economist at the American Petroleum Institute.

Through the first quarter of this year, U.S. petroleum demand was back within 1% to 3% of where it was during pre-Covid times roughly a year ago, he says. A lot more oil has been going into petrochemicals, which are derived from oil or natural gas and can be used to make disposable syringes and personal protective equipment like those in high need during the pandemic.

Even by the most aggressive estimates of EV growth in the transportation sector, "it is clear that the primary sources of transportation energy will continue to be natural gas and oil," Foreman says, adding that worries about a drop in oil and gasoline demand are premature.

U.S. Energy Imports Declined in 2020, While Exports Remained Largely Unchanged

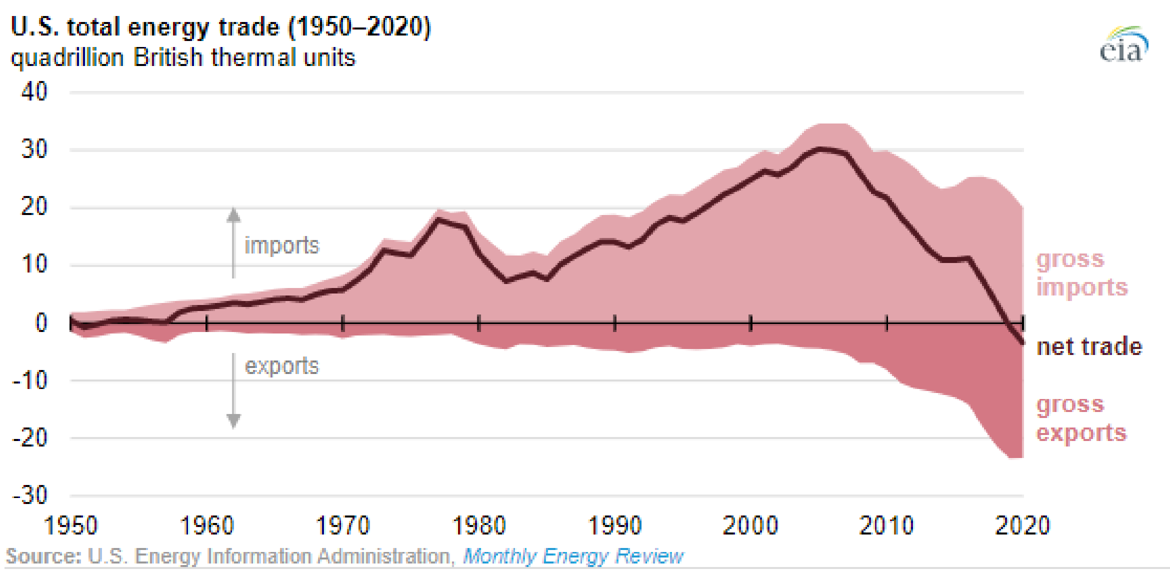
Energy exports from the United States exceeded imports by 3.4 quadrillion British thermal units (quads) in 2020, the largest margin on record, according to EIA's Monthly Energy Review. U.S. energy exports totaled 23.4 quads, nearly equaling the record high set in 2019, and energy imports fell 13% to 20.0 quads, the lowest level since 1992. The United States exported more energy than it imported for the second consecutive year.

Decreases in crude oil and natural gas imports largely drove last year's change in U.S. energy trade. U.S. crude oil exports have increased every year since 2010 and reached another record high in 2020. In 2020, the United States exported more crude oil—3.2 million barrels per day (b/d)—than any other petroleum product. U.S. crude oil imports fell to 5.9 million b/d, the lowest level since 1991.

Gross exports of natural gas, which have increased every year since 2014, reached a record high of 14.4 billion cubic feet per day (Bcf/d) in 2020. Gross imports of natural gas fell to 7.0 Bcf/d, the lowest level since 1993.

Both U.S. imports and exports of petroleum products declined in 2020: imports by 15% and exports by 5%. Propane surpassed distillate fuel oil as the country's most-exported petroleum product.

Trade volumes of coal and other fuels account for relatively small portions of U.S. total energy trade. U.S. coal exports, which had increased in 2017 and 2018, decreased in both 2019 and 2020.



US Interior Approves More Than 500 Drilling Permits During Leasing Ban: BLM Deputy, S&P Global

The US Interior Department has approved more than 500 drilling permits on federal lands and waters since January, and operators hold nearly 8,000 permits that are ready to use, despite the Biden administration's indefinite ban on leasing sales, an official told Congress on April 27.

Drillers have submitted another 5,600 permit applications for consideration, Nada Culver, Bureau of Land Management deputy director of policy and programs, told the Senate Energy and Natural Resources Committee during a hearing on Interior's leasing review.

"To be clear, as we're conducting the review, industry continues to produce from existing operations while submitting new drilling permits," Culver said, later making the case for a review of the program's fiscal and climate impacts.

"We simply cannot continue doing business as we have in the past," she said. "It's incumbent on us to look forward, adapting to the changing landscapes, climate, environment and technologies." Senator John Barrasso of Wyoming, the committee's top-ranking Republican, said the Biden administration is intent on ending oil and gas leasing on federal lands despite the program having some of the most "stringent regulations in the world." He said the review will devastate the economies of Wyoming, New Mexico and other states.

"Make no mistake, this is not a pause or a review, this is a ban," Barrasso said. "And currently there is no end in sight."

Muted near-term impact

The Biden administration has halted lease sales for federal acreage both onshore and offshore at least through June while it reviews the program.

S&P Global Platts Analytics estimates a permanent ban on federal leasing would lower US onshore production by 1 million-1.2 million b/d in the next five years or by as much as 1.6 million b/d if operators with existing leases are not able to get new permits, which it considers unlikely. Risks to offshore production would not show up for at least 10 years. Platts Analytics expects US oil production to decline by 500,000 b/d year on year in 2021 before increasing by 1 million b/d in 2022.

Wyoming Governor Mark Gordon testified to the Senate committee that restarting federal lease sales is vital to his state as oil and gas drillers recover from the 2020 demand plunge and Saudi-Russian oil price war. Wyoming currently has seven drilling rigs, compared with none in August 2020 and 34 in February 2019, and jobs in the oil and gas sector fell from 13,100 in October 2019 to 7,200 as of October 2020, Gordon said.

Responding to suggestions that operators are stockpiling federal acreage, Occidental Petroleum CEO Vicki Hollub told the committee: "This simply is not true." Hollub said the Mineral Leasing Act already requires drillers to return leases to the federal government if they do not produce oil and natural gas on them within a certain timeline. She said the law also prevents any company from locking up unproductive excessive federal acreage and limits the amount of unproductive acreage a leaseholder can have in any single state. Hollub said delays would start to impact US production, as onshore drilling permits can take up to a year to be approved.

"This long lead time means that as we evaluate our completions and geology, well design changes often result in the need to re-permit the same areas," she said. "Lack of clarity or permitting guidance can extend these times, often increasing the cost and the surface disturbance."

Texas Legislature Advances Bills to Shield Oil and Gas from Climate Initiatives, Tribune

Two bills that were advanced by the Texas Legislature this week attempt to protect the state's oil and gas industry from efforts to reduce greenhouse gas emissions.

The House gave its final approval to Senate Bill 13, which would require state entities — including state pension funds and Texas' massive K-12 school endowment — to divest from companies that cut ties with or "boycott" fossil fuel companies. The legislation bites back at some Wall Street investors that have pulled financial support for the oil industry in an effort to curb carbon emissions that contribute to climate change.

"Oil and gas is the lifeblood of the Texas economy," state Rep. Phil King, R-Weatherford, said on the House floor Monday. "In the world of capital, there's a movement to deny funds to businesses that will not sign on to extreme anti-fossil fuel policy." The bill will be reviewed again in the Senate with the new amendment before it heads to the governor's desk.

In the Senate, lawmakers sent a bill to Gov. Greg Abbott that would bar local municipalities from banning natural gas as a fuel source when constructing new homes, subdivisions and other buildings. It's a response to trends in California and other states where cities have, in climate action plans, required new homes or buildings be heated with electricity, rather than gas, to reduce greenhouse gas emissions.

At least a dozen similar bills have been filed in states including Kansas, Minnesota and Ohio. In Texas, however, House Bill 17 has been pushed as a response to the power outages caused by the February winter storm and resulting power crisis. The bill would prevent cities or municipalities from "discriminating" against natural gas by barring them from restricting the use of a utility provider. Abbott is likely to sign the bill to prohibit bans on gas having announced his support for legislation that prohibits counties from restricting use of natural gas appliances while visiting Midland in January.

Senate Bill 13 also has the support of top Republican leaders in the state. In February, Lt. Gov. Dan Patrick said legislation to prohibit the state from doing business with firms that "boycott" oil and gas companies was a priority and would "pass easily," according to the Austin American-Statesman. House Democrats who voted no on SB 13 called the bill anti-free speech, and argued that Texas should pursue legislation that rewards industries important to Texas, rather than punishing others. "We say we want to protect people's ability to speak their mind, but once again, we have another bill that does the opposite," said state Rep. Gene Wu, D-Houston. "We punish companies for their thoughts and internal policies, whether they carry them out or not. We punish thought. We punish speech."

Pressure is increasing on Wall Street for companies and investment funds to reduce financial support for oil and gas companies due to the outsized impact the industry has on carbon emissions that contribute to climate change. Last year, Larry Fink, founder and chief executive of BlackRock, one of the world's largest investment companies, wrote to shareholders that the firm would make climate change "a defining factor" in its investment strategy.

King said he spoke to an engineer in the energy industry who said the "virtue signaling" by BlackRock has changed capital availability to oil companies. Senate Bill 13 would require the state's comptroller to create a list of publicly traded investment companies that "boycott" energy companies, which would be used by the state-run investment funds to guide disinvestments. Texas state funds identified in the bill include the $46 billion Texas Permanent School Fund, the largest such K-12 fund in the U.S; the Teacher Retirement System of Texas, which manages nearly $165 billion in investments; and the Employees Retirement System of Texas and Texas Municipal Retirement System of Texas, which each manage $31 billion.

Washington State Bans Gas Cars by 2030 – the Earliest in the US, ElecTrek

Washington State legislature has passed "Clean Cars 2030," a bill setting a goal to require all light-duty vehicles of model year 2030 or later to be electric. The bill passed as part of a larger package directing utilities to prepare the state for all-electric transportation.
With this bill, Washington State becomes the first US state to pass a gas car ban legislatively (as opposed to by executive order), and now has the earliest gas car ban in the US. California and Massachusetts also plan gas car bans by 2035.

The bill, which we previously reported on when it moved out of committee, has now passed both houses of the state legislature and goes to Governor Jay Inslee's (pictured) desk to be signed into law. It passed with a vote of 25-23 in the Senate and 54-43 in the House.

Washington's bill specifically seeks to ban the sale, purchase, or registration of any non-electric vehicle of model year 2030 or later. Thus, it would even apply to cars purchased out of state and imported into Washington.

These would not need to be battery electric vehicles, they can be any electrically powered vehicle. Thus, fuel cell vehicles, which are powered by an electric motor connected to a fuel cell rather than a battery, would qualify as well.

However, the bill is written more as a set of goals than strict regulation. So we are sure that we will see more developments as Washington State tweaks its implementation.

Road usage/VMT fees – better than EV fees
It also includes a clause that won't go into effect until 75% of vehicles in the state are covered by a road usage/vehicle miles traveled charge, where taxes are assessed based on how many miles a vehicle is driven (possibly also with a multiplier for larger vehicles). The bill itself does not provide for this, though there are separate efforts in Washington State to implement a road usage fee.

Road usage fees would replace or supplement a gas tax to raise revenue to pay for roads. The idea is that road usage fees are a more equitable way to raise funds for transport projects than a gas tax.

Currently, many states are worrying about the future of gas tax revenue as more electric vehicles are adopted. Many states (including Washington) have also implemented punitive electric vehicle fees (backed by fossil industry propaganda) using this rationale, scapegoating electric vehicles for poor road status, rather than the fact that they haven't raised the gas tax in decades.

Washington State Bans Gas Cars by 2030 – the Earliest in the US, ElecTrek

Continued from page 15

Over-reliance on gas tax revenue for road funding is not an issue that currently needs addressing, but it is an issue that will need to be addressed in the future as we move to more electric vehicles. Many (including Electrek) have advocated for a move to a road usage/vehicle miles traveled tax with a weight multiplier as a better solution for road funding. This would also separate road usage from pollution – something that also needs to have a price associated with it.

Earlier than California

Again, as we did in our previous article, we must point out that Washington has leapfrogged California with this effort. While California has always been a leader on environmental regulations, Washington is now beating them by five whole years on electric vehicles.

California is in many ways the home of EVs in the US, with the state accounting for half of national EV sales and home to the largest EV company in the world, with many other automakers setting up technology offices in the San Francisco Bay Area to leverage California's tech talent in building up their electric and autonomous vehicle programs.

California's transportation regulations also lead the country, with many other states, including Washington, following California's ZEV rules.

But Washington, a state that lags behind California in EV sales, still thinks it's possible to end gas car sales five full years earlier than California. And why shouldn't they? European governments are coalescing around the same date, automakers are planning to end gas car sales by around then, even the US government wants to be all-electric by then. If anything, 2030 seems like a neutral target, not even all that ambitious. Who's going to want to buy a new gas car by then anyway? If nothing else, they will depreciate rapidly as everyone moves away from driving on gas.

We'll need to stay tuned for further developments on this front, including specifics on Washington's road usage fees and how exactly this ban will be implemented. But it's becoming more and more clear: Gas cars are not going to be relevant by the end of this decade. And entities (governments, automakers, consumers) that don't recognize and work with that timeline are going to end up scrambling by the time the decade is out. SSDA-AT is strongly opposed to this.

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