SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

SSDA-AT Supports Recently Introduced REPAIR Act to Ensure Equal Access to Auto Repair Data for Independent Repair Shops and Preserve Consumer Choice

By Roy Littlefield

On February 3rd, U.S. Representative Bobby L. Rush (D-Ill.), a senior member of the House Committee on Energy and Commerce, introduced the Right to Equitable and Professional Auto Industry Repair (REPAIR) Act (H.R. 6570). This legislation would preserve consumer access to high quality, affordable vehicle repair by ensuring that vehicle owners and independent repair shops have equal access to repair and maintenance tools and data as car companies and licensed dealerships.

SSD-AT supports the legislation.

Consumers prefer independent auto repair shops over licensed dealerships by a wide margin — 70% of the 288 million registered vehicles in the U.S. are maintained by independent repair facilities. However, inadequate and outdated laws and regulations have made it increasingly difficult for independent repair shops to access critical vehicle data needed for repairs, benefiting car companies and licensed dealerships at the expense of consumers and mom and pop repair shops.

The REPAIR Act will update existing laws to reflect the modernization of automobiles and the importance of consumer choice in auto repair. The legislation is written to foster a competitive environment for vehicle repair while prioritizing cybersecurity and safety for vehicle systems.

Specifically, the REPAIR Act will:

Preserve consumer access to high quality and affordable vehicle repair by ensuring that vehicle owners and their repairers of choice have access to necessary repair and maintenance tools and data as vehicles continue to become more advanced.

Ensure access to critical repair tools and information. All tools and equipment, wireless transmission of repair and diagnostic data, and access to on-board diagnostic and telematic systems needed to repair a vehicle must be made available to the independent repair industry.

Ensure cybersecurity by allowing vehicle manufacturers to secure vehicle-generated data and requiring the National Highway Traffic Safety Administration (NHTSA) to develop standards for how vehicle generated data necessary for repair can be accessed securely.

Provide transparency for consumers by requiring vehicle owners be informed that they can choose where and how to get their vehicle repaired.

Create a stakeholder advisory committee and provide them with the statutory authority to provide recommendations to the Federal Trade Commission (FTC) on how to address emerging barriers to vehicle repair and maintenance.

Provide ongoing enforcement by establishing a process for consumers and independent repair facilities to file complaints with the FTC regarding alleged violations of the requirements in the bill and a requirement that the FTC act within five months of a claim.

Right to Repair remains a top issue and priority for SSDA-AT.

How to Recognize the Signs of Email Fraud

Cybercrime Is on the Rise

Cybercriminals are finding increasingly clever ways to infiltrate your business and compromise your security. Net Driven wants to make sure your shop is protected from harmful digital attacks.

You may be thinking, “Cybercrime only targets large corporations. I have nothing to worry about.” However, every year one in five small organizations is a victim of cybercrime. Cybercriminals target smaller organizations because they assume that these businesses have fewer defenses in place to prevent cyberattacks.

“Well,” you say, “is there anything I can do to avoid a cyberattack if it comes my way?” Good news, 100% of cybercrime can be prevented through the vigilance of your “human firewall.” What is this resource? It’s you and your team members, who can form an impenetrable barrier against cybercrime by knowing the types of attacks and how to address them.

Email Fraud

Did you know that 91% of data breaches are conducted through email fraud? Email allows cybercriminals to impersonate another entity as a means to connect with and extort your business. The most common type of email fraud is phishing.

“Phishing” is a fraudulent email that claims to be from a legitimate source in order to access sensitive information such as passwords and credit card numbers. For example, popular phishing angles include security alerts on your professional or private accounts, changes to your health benefits and HR announcements. But when you interact with these fraudulent emails, such as clicking a link or attachment, you could be compromising your private information and putting your shop at risk.

Recognize the Signs of a Phishing Email

Phishing emails have evolved to target specific emails by appearing highly personalized, such as addressing you by name or repeating some information about your position. It’s important to always look twice at an email, as it can appear innocent at first but contain some telltale signs of fraud.

Here is a list of signs to identify a phishing email:

Fake “From” Email: Hackers often try to infiltrate businesses by impersonating a legitimate domain, such as a subscription service or vendor. Always make sure the “From” email is legitimate (e.g., ends in “@netdriven.com”). If you receive an email that seems out of the ordinary for your role (e.g., you work in sales but were billed an invoice), check with a coworker or supervisor to confirm that email is real and was meant for you.

Generic Greeting: Cybercriminals may not have access to your personal information, so they make do with generic email content. Openers such as “Dear Customer” may be a sign that the email was sent by a hacker.

Poor Writing: If you receive an email that is riddled with mistakes like misspellings and

Continued on page 3

NET DRIVEN

Continued from page 2

bad grammar and punctuation. Remember, a credible business would not send you an email that contains poor writing. Now, you may not be surprised to receive this email from your coworker who doesn't use punctuation, but keep your guard up if you receive an internal email has a strange tone or seems out of the ordinary.

Urgent Content: Urgency is a common cyber-criminal tactic, as they're trying to fluster you into making a snap decision and walking into the trap. If you receive an unexpected email whose subject line urges you to open immediately or whose body message tells you to click on a link or download an attachment now, take a step back. Ask yourself, "Is this email asking me to do something out of the ordinary? Is there a legitimate reason I would need to act now?"

Fake Links & Attachments: Phishing emails use fraudulent links and attachments to breach your security walls and gain access to payment and contact information or slip a virus into your software. Doublecheck any links before clicking to determine the link structure looks normal and matches the email sender. Does the URL represent a real website and start with "HTTPS:"? Similarly, don't click on an unexpected of funny-looking attachment.

Tips to Stay Vigilant & Protect Your Business

Constant vigilance will prevent a security breach every single time. First, follow the three fundament steps of thwarting a cyberattack:

Stop: Check and doublecheck your incoming emails. Never absentmindedly click on an email.

Look: Look twice before you interact. Do you see any signs that the message is a phishing scam?

Think: Does this email look real? Is anything out of the ordinary?

Additional steps to prevent a security breach:

Create unique, complex passwords for every account & never share your password(s) with anyone.

If an email looks "phishy," contact the sender in a different way, such as by phone or visiting their website in a different browser.

Don't log into an account using a login link in an email. Go to the actual login page and enter your credentials there.

Use second-hand verification if you receive a strange email from a company or coworker. Make sure you always know to whom you're responding.

Don't click on an email attachment if you don't know what it's for or what's inside.

If you suspect an email is fake, report it as a phishing attempt to your email service provider immediately.

Bottom Line: Provide Security Awareness Training

Your team can be your greatest cyber security asset or your biggest vulnerability, depending on how prepared they are to recognize and navigate a security threat. We highly recommend providing security awareness training for your entire team, as trained employees are more likely to notice and report suspicious emails.

Create guidelines for your team to follow in terms of identifying and reporting suspicious emails and other security threats.

EIA Data Show 14 Liquids Pipelines Completed in 2021

The Energy Information Administration's Liquids Pipeline Projects Database shows that 14 petroleum liquids pipeline projects were completed in the US in 2021, including seven crude oil pipeline projects and seven hydrocarbon gas liquids pipeline projects.

Enbridge's Line 3 and Line 61 expansions, Energy Transfer's Dakota Access Pipeline expansion and Marathon Pipe Line's Capline Reversal were among the completed projects.

Oil Demand, Production Recovery Support US Oil Exports

Rebounding oil demand in Asia and Europe, coupled with rising US oil production, have pushed US seaborne crude exports to 3.2 million barrels per day on average in December, the highest since February 2020, while export volumes so far this month are just below the 3-million-bpd mark, according to Kpler analyst Matt Smith. "Everyone is seeing really strong demand growth numbers for this year, and when you look at where supply growth is coming through from, the U.S. is a leader there," Smith said.

NGI: Accelerating Inflation Presents Natural Gas, Oil Companies Potential for Profits and Pitfalls

Soaring energy prices – driven most recently by spikes in crude – helped drive the U.S. inflation rate to a 40-year high in January, creating both opportunity and risk for oil and natural gas companies.

The U.S. Bureau of Labor Statistics (BLS) said the consumer price index (CPI) jumped 7.5% in January from the same month a year earlier. The print marked the fastest rate of increase since February 1982 and the eighth consecutive month of inflation above 5%. The CPI had surged 7% year/year in December, setting the previous four-decade peak.

January energy prices spiked 27% from a year earlier — more than any other category tracked by the BLS, save for used cars (41%). Energy prices also were up 1% from December's already lofty level.

Energy commodities, a subcategory including oil and gas, soared 40% year/year in January. U.S. crude prices recently reached a seven-year high, fueled by robust demand for gasoline and jet fuel as the economy gathers further momentum, travel rebounds and consumption surges.

Total U.S. petroleum consumption over the past four-week period averaged 21.9 million b/d, up 12% from the same period in 2021, the Energy Information Administration said this week.

Mounting demand spurs prices and creates substantial revenue potential for crude producers. Natural gas, trending lower in early February amid mild weather outlooks, had surged in 2021 and early this year, helping to fuel the broader energy price advance in January.

Profit And Peril

Fourth quarter earnings calls suggest the price surges drive both profit and peril.

Magellan Midstream Partners LP, which specializes in petroleum storage and transportation, said demand for its services swelled in the fourth quarter and is expected to grow further this year. CEO Michael Mears said during an earnings call with analysts that in response to inflation, the Tulsa-based company implemented 2021 wage increases. He expects current negotiations with union representatives to result in further bumps.

Others, including oilfield services operators and exploration and production companies, have said they are burdened with high fuel expenses, in addition to rising costs for everything from major equipment to materials.

"We're seeing inflation of many items, which is putting upward pressure on both well and operating costs," Oasis Petroleum Inc. President Taylor Reid said during an earnings call. The Houston-based independent, a Williston Basin pure play, said it is grappling with high prices for steel, chemicals and trucking services, among others.

The expense challenges are intense both in the United States and across most of the globe, said Norway-based international energy giant Equinor ASA. "Clearly, it is a concern and we're monitoring it very, very carefully," Executive Vice President Pal Eitrheim said during a quarterly earnings call.

Policymakers at the U.S. Federal Reserve, along with a host of central banks around the world, are poised to raise interest rates this year in an effort to cool spending and tamp down inflation. Higher rates would make borrowing more expensive at a time when most energy companies are trying to lower debt costs. Still, economists have said rising interest rates typically curb activity, while runaway price hikes would eventually wreak havoc.

"Higher inflation eats away at consumer purchasing power," and if left unchecked, could force a "painful" pullback in economic activity when prices escalate beyond reasonable measures of affordability, said Raymond James & Associates Inc.'s chief economist Scott Brown.

Los Angeles Weighs Phasing Out Oil and Gas Drilling, AP

The University Park neighborhood of Los Angeles has a lot in common with urban areas across the U.S.: A dense population with lots of businesses and housing. A cluster of car dealerships. A row of restaurants. Schools and a community center.

But nestled in the predominantly Latino community is something rarely found in urban areas outside California: an oil field.

Pat Diaz, a 65-year old activist and University Park resident who grew up near a busy intersection, has felt the presence of the field since she was a child.

She remembers the basement of her family home that she now owns smelled like tar and her mother used to get spontaneous nosebleeds and persistent headaches.

When Diaz moved back to the neighborhood as an adult in 2009, she says she developed a chronic cough and lost her sense of taste. After comparing notes with neighbors in 2011, she realized such ailments were a widespread problem that residents blame on living near oil fields most recently operated by AllenCo Energy.

"It has been the bane of my existence since I was young," she said.

After a decade of complaints from residents like Diaz, the Los Angeles City Council is expected to vote as soon as next week on a measure that would ban new oil and gas wells in the nation's second most populous city and phase out existing wells over a five-year period.

HUNDREDS OF WELLS

The AllenCo Energy oil wells there are just a few among hundreds located in Los Angeles, which has the country's largest concentration of urban oil fields. There are approximately 1,000 active or idle wells in the city, according to a city controller's report citing data from the state Division of Oil, Gas and Geothermal Resources.

Los Angeles doesn't have pumpjacks dotting a desolate desert like western Texas. Its oil and gas operations are near places where people live and gather. The AllenCo Energy facility is less than a 10-minute drive from the University of Southern California, Los Angeles Memorial Coliseum, the Natural History Museum of Los Angeles County and the Shrine Auditorium.

While these landmarks reflect L.A.'s glitz, glamor and history, University Park is a diverse working-class neighborhood in the oil field's shadows.

Air pollution from oil fields in Los Angeles disproportionately affects areas that are predominantly Latino or Black, said Martha Dina Argüello, executive director of the Los Angeles chapter of Physicians for Social Responsibility.

"We got involved because we were hearing from communities that were experiencing health impacts because they were living next to these oil fields. And what we were finding was that in low-income communities and communities of color, we had less protections," Argüello said. Her public health nonprofit is part of a coalition pushing for tighter regulation or elimination of oil and gas wells in the city.

COMMUNITY HEALTH COMPLAINTS

Pollution from these facilities is associated with chronic health impacts, according to a study last year in the journal Environmental Research. USC researchers found people living near wells in Diaz's neighborhood and nearby Jefferson Park reported signifi-

Continued on page 7

Los Angeles Weighs Phasing Out Oil and Gas Drilling, AP

Continued from page 6

cantly higher rates of wheezing, eye and nose irritation, sore throat and dizziness than neighbors living farther away. The researchers likened the respiratory harm caused by living near the oil fields to daily exposure to secondhand smoke or exhaust from a busy highway.

While it's difficult to prove a direct connection, lead author Jill Johnston said the findings provide some validation of longstanding community complaints about health woes they attributed to the oil fields.

Diaz and her neighbors had been lobbying the city council, local agencies and the U.S. Environmental Protection Agency to do something about the oil wells.

The Los Angeles measure was introduced by council members Nury Martinez and Paul Krekorian in December 2020 after years of complaints from residents about the impact of oil wells on their communities.

The effort to shut down the city's wells is part of a region-wide movement to push oil and gas drilling out of Los Angeles County. In 2021, similar measures were passed to ban drilling in Culver City and unincorporated parts of the county.

INDUSTRY WARNINGS ABOUT BANS

The oil and gas industry opposes moves to rid the region of drilling, saying that would raise gas prices, eliminate jobs and make the area more dependent on foreign oil.

Rock Zierman, chief executive officer of the California Independent Petroleum Association, an industry group that represents nearly 400 oil and gas companies, said there will likely be a legal challenge if the measure passes, saying it would constitute an "unlawful and uncompensated taking of private property."

"We're an energy island," said Ray Watson, an industry worker who spoke at a recent city council meeting. "There aren't any magic pipelines that run anywhere else in the United States to California to supply oil. It's going to come on dirty supertankers from despotic regimes like Saudi Arabia if we don't produce it here."

There's a statewide push to more tightly regulate fossil fuel production. In October, the California Geologic Energy Management Division, the state's oil and gas regulator, proposed a ban on new oil and gas wells within 3,200 feet (975 meters) of schools, homes and hospitals.

If those proposed rules become state policy, existing wells would be required to enact new pollution controls, not shut down. The measure before the Los Angeles City Council, however, would phase out oil and gas drilling entirely.

Javier Martinez, who lives three blocks from the AllenCo Energy oil field, applauds efforts by Gov. Gavin Newsom and others to phase out and ban oil and gas extraction.

When the AllenCo Energy site was active, fumes from the pump jacks would make nearby streets "smell really bad, ... like something had been burnt," Martinez said, adding that he and neighbors would complain of nose irritation. "The problem here is that it is affecting people's health and that people live close to the wells."

Congressional Republicans Press White House for Infrastructure Policy Insight, Transportation Topics

The top Republican on the U.S. House Transportation and Infrastructure Committee called on the White House to brief his colleagues on the Biden administration's strategy for implementing a $1 trillion infrastructure law.

Rep. Sam Graves (R-Mo.), the transportation panel's ranking member, pressed Mitch Landrieu for details pertaining to the White House's strategy related to implementation, stakeholder outreach and job creation data linked to the Infrastructure Investment and Jobs Act (IIJA).

President Joe Biden named Landrieu the White House's senior adviser and infrastructure coordinator, as well as co-manager of the infrastructure implementation task force. Landrieu is also a former mayor of New Orleans. The task force was assembled to manage central themes associated with the law's implementation.

"While I am aware that your task force has engaged in various media events and outreach to governors and mayors, you have yet to fully engage all relevant members of Congress on these matters. In particular, I am most concerned about how the United States Department of Transportation plans to work with the task force to properly implement the law," Graves wrote this month.

He further emphasized, "Communication is critical to effective implementation of IIJA, and key members on the committee on Transportation and Infrastructure have not received information on any of the task force's efforts."

While Graves and his Republican colleagues on the transportation committee endorsed policies meant to improve freight and passenger connectivity, they largely opposed certain climate change and transit provisions included in the infrastructure law.

As Biden touted the law's enactment and his administration's COVID-19 response during his first year in office, congressional Republican leaders kept up their criticism of the White House. They took aim at the economy and supply chain bottlenecks at commercial ports. Republicans are positioning themselves for a return to the majority in Congress.

"In one year, President Biden has turned our country back with soaring costs, empty shelves, punishing mandates and a weakened America," said House Minority Leader Kevin McCarthy (R-Calif.). "Democrats in Congress have stood by and done nothing for the American people. Americans aren't just frustrated, they are fed up and looking for change and an optimistic vision. We must end one-party rule in D.C. and get back to policies that

Congressional Republicans Press White House for Infrastructure Policy Insight, Transportation Topics

Continued from page 8

get us off this destructive path and back to American prosperity."

Sen. John Thune of South Dakota, a member of the Senate's Republican leadership team, echoed McCarthy's sentiment: "The inflation is at a 40-year high. A lot of that has to do with supply chain issues that could have been solved if the president would be willing to take on some of his entrenched special interests.

"But, generally speaking, if you look at where gasoline prices are this year relative [to] last year, you've seen a massive runup in fuel prices, which affects every American's pocketbook."

To tackle supply chain woes, House Democratic leaders recently introduced a so-called competitiveness bill that would authorize $45 billion in grants, loans and loan guarantees meant to enhance freight connectivity and establish a Commerce Department post tasked with monitoring the movement of goods along commercial corridors. The legislation awaits consideration in the chamber.

"House Democrats will not sit back and let China and other competitors out-research, out-innovate and out-build us in the 21st century," said Majority Leader Steny Hoyer (D-Md.). "This bill will help secure our supply chains, ensure the microchips and semiconductors that have become vital in an increasingly digital world are made here in America, promote the advanced research to fuel an entrepreneurial spirit that is the envy of the world, and expand career apprenticeships to prepare our workers for jobs they will create."

Last summer, the Senate advanced its version, titled the U.S. Innovation and Competition Act, or USICA.

For its part, the Biden administration set up a task force to assist the private sector with resolving supply chain bottlenecks. As part of that effort, the U.S. Department of Transportation announced more than $241 million in federal grants for port projects. The grants targeted facilities in 19 states to facilitate freight connectivity.

As Transportation Secretary Pete Buttigieg explained: "These investments in our nation's ports will help support American jobs, efficient and resilient operations, and faster delivery of goods to the American people."

All Employers Are Required to Display Federal and State Postings

All employers are required to post certain federal and state postings.

On a federal level, if an employer has less than 50 employees, they are required to post 5 notices: Fair Labor Standards Act; Employee Polygraph Protection Act; Equal Employment Opportunity; Uniformed Services Employment and Reemployment Rights Act; and Occupational Safety and Health Administration.

If an employer has 50 or more employees, federal law requires that they also post a notice related to the Family and Medical Leave Act.

Each state has varying requirements on what notices must be posted.

Please contact us with any questions.

Exxon sets 'net zero' emissions goal from operations by 2050, The Hill

Exxon Mobil announced a goal of net-zero emissions from operations by 2050 but did not make a similar commitment for consumer emissions, which represent the majority of the oil giant's output.

"We are developing comprehensive road maps to reduce greenhouse-gas emissions from our operated assets around the world, and where we are not the operator, we are working with our partners to achieve similar emission-reduction results," CEO Darren Woods said in a statement.

"We believe our strategy is unique among industry and enables us to succeed across multiple scenarios. We will create shareholder value by adjusting investments between our existing low-cost portfolio and new lower-emission business opportunities to match the pace of the energy transition."

Exxon said the company's net-zero operations goal would focus on areas such as reducing methane leaks and ending routine natural gas venting and flaring.

The announcement follows similar commitments by other major oil companies, including BP and Royal Dutch Schell, while Chevron has said it has a net-zero "aspiration."

In August, Exxon was reportedly considering a more ambitious goal of fully net-zero emissions by 2050. Woods had previously referred to net-zero goals as "beauty competitions" and said competitors goals "[don't] solve the problem." Since then, the company has lost three board seats to an activist hedge fund that has pushed for firmer commitments.

The reported goal does not include either consumer use of Exxon products or oil fields. Consumer use, or Scope 3, comprises the majority of emissions associated with Exxon products. In a 2021 report, the company estimated consumer use of products comprised 1,300 million metric tons of carbon dioxide in carbon dioxide emissions, compared to 120 million metric tons in direct greenhouse gas emissions from the company.

ExxonMobil argued in the report that Scope 3 emissions "do not provide meaningful insight into the Company's emission-reduction performance and could be misleading in some respects."

The company previously said in December that it had an overall corporate-wide goal of reducing emissions 20 percent and net-zero emissions in the Permian Basin by 2030.

EIA Expects U.S. Fossil Fuel Production to Reach New Highs in 2023

After declining in 2020, the combined production of U.S. fossil fuels (including natural gas, crude oil, and coal) increased by 2% in 2021 to 77.14 quadrillion British thermal units. Based on forecasts in our latest Short-Term Energy Outlook (STEO), we expect U.S. fossil fuel production to continue rising in both 2022 and 2023, surpassing production in 2019, to reach a new record in 2023.

Of the total U.S. fossil fuel production in 2021, dry natural gas accounted for 46%, the largest share. Crude oil accounted for 30%, coal for 15%, and natural gas plant liquids (NGPLs) for 9%. We expect those shares to remain similar through 2023.

U.S. dry natural gas production increased by 2% in 2021, based on monthly data through October and estimates for November and December. In our forecast, improvements in drilling efficiency and new-well production will contribute to production increases of 3% in 2022 and 2% in 2023.

U.S. crude oil production dropped slightly, by an estimated 1%, in 2021, but we expect it to increase by 6% in 2022 and 5% in 2023. We forecast that, in 2022 and 2023, crude oil prices will remain high enough to encourage growth in the number of active drilling rigs and continued improvement in drilling efficiency.

U.S. coal production increased by an estimated 7% in 2021, driven by increased demand for coal because of rising natural gas prices. Coal's comparatively lower prices made coal more economical for use in electric power generation compared with natural gas. In 2020, U.S. coal production had fallen to its lowest level since 1964. We forecast that coal production will increase 6% in 2022 as coal-fired electricity generators rebuild inventory levels. However, we forecast that coal production will only increase by 1% in 2023 as demand for coal in the electric power sector declines.

U.S. NGPL production increased by 4% in 2021. We expect U.S. NGPL production to increase by 9% in 2022 and then by 4% in 2023. Because NGPLs are a coproduct of natural gas, our forecast for rising NGPL production is linked to our forecast for rising natural gas production.

eia

API Sommers Urges Support for "Every Type of Energy" to Address Economic, Climate Challenges

American Petroleum Institute (API) President and CEO Mike Sommers told policymakers that supporting safe and responsible production of all energy sources in the United States would advance U.S. energy leadership and address the economic and climate challenges facing the country today.

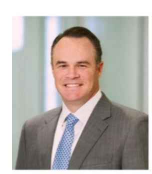
Sommers made the remarks during the 18th Annual State of the Energy Industry Forum, hosted by the U.S. Energy Association,. He said that supporting all energy sources would also unleash private investment and expand energy infrastructure projects.

"Americans and the world are counting on all of us to meet energy demand responsibly," Sommers said. "Despite reports to the contrary, there are plenty of ways to find consensus and common ground … whether it's working together toward infrastructure and permitting policies that enable critical projects and good union jobs; keeping America the world's energy leader; or addressing the challenge of climate change."

With the global population expected to increase another 2 billion by 2050, Sommers said that "every type of energy" will be needed to address the world's most pressing challenges – from the ongoing COVID-19 pandemic and supply chain disruptions to rising inflation and climate change.

He said there are four areas where policymakers and the energy industries could work together, including supporting permitting guidelines that protect the environment while avoiding unnecessary delays, finalizing the direct regulation of methane, advancing carbon capture, and building on momentum expanding LNG export capacity.

"There's an important case to be made for cooperation between all of our industries and this administration. Cooperation is a necessity in ensuring the supply of U.S. energy, including solar, wind, nuclear – and yes, petroleum products," Sommers said, citing IEA data that projects natural gas and oil will account for nearly half of the energy mix in 2040, even if countries meet Paris Climate Agreement commitments. "The only real decision here is where natural gas and oil are produced. Energy is an input for practically everything else in the economy. With supply-chain failures and with inflation on the minds of many Americans, the last thing anyone wants to see is more upward pressure on costs that are felt by every family and business."



Crude Summit: US Refiners Eye Strong Year, Slow Change, Argus

The US refining industry is set for a strong 2022 and a promising 2023, as the demands of the energy transition are still more of a long-term concern than an existential threat, refining industry veterans said today at the Argus Americas Crude Summit in Houston, Texas.

While industry optimism in 2022 is still tempered by Covid-19's effects on demand, refiners and the energy sector at large should view the pandemic as something of a confidence booster considering how much energy was still required even with much of the world immobilized, said Horace Hobbs, former chief economist for Phillips 66.

"Covid, there are some very bullish learnings from that," Hobbs said. "They shut down the entire world and we still needed 80mn b/d of crude oil."

And while many in the refining industry are touting efforts in green business lines and low-carbon activities, their central businesses of refining petroleum should remain strong for years to come considering the time needed to build out technologies and regulation, Hobbs said.

"If you read the paper, you might think the energy transition is going to happen next week or next month," Hobbs said. "But the math of it is that it is going to be very, very slow."

Conversion concerns

Renewable diesel conversion projects are one of the more popular ways in which refiners are cutting emissions and chasing regulatory incentives. Marathon Petroleum, HollyFrontier, CVR Energy and Calumet are among companies bringing either co-located renewable diesel units or fully converted facilities online this year.

But even that industry, buttressed with generous government incentives, including blender's tax credits and state-level low carbon fuel credits, has structural issues and environmental concerns.

"Beyond going 3-5pc of the [distillate] pool, you start eating into food," Hobbs said, referring to the effect that rising demand for soybean oil and other renewable diesel feedstocks could have on global food supply. "Most people would rather eat than drive, so I think that is an insurmountable headwind."

But the trend of refining conversions is likely to continue, given incentives available to refiners, said Joseph Israel, former chief executive of West coast refiner Par Petroleum.

"There is still a lot [for the industry] to figure out in terms of feedstocks, refinery configuration, mode of operations and marketing channels," Israel said. "But the economics are there to kick off those investments and start construction."

Israel's appearance at the Argus Crude Summit marked his first after departing from Par Petroleum earlier this month. Israel joined the West coast refiner after spending 2011-2014 with Hunt Refining and the previous 11 years with Alon USA, a company later acquired by Delek.

Converging streams

Volatile prices for crude and rising costs for natural gas are two headwinds that independent refiners face in 2022. These factors could lead some companies to acquire upsteam assets and build out retail networks, Hobbs said.

"Integration with crude, retail and commercial markets are going to be more important than ever," said Hobbs. "The idea is going to be to go out and get that quarter of a cent per gallon through logistics and the value chain as opposed to try to get it by burning less gas. You are running out of opportunities to be more efficient."

OPINION: Restoring Trust During the Pandemic, Randy Conley

Trust is the foundation of success, and the pandemic is putting enormous pressure on it.

COVID has created a historic amount of stress and anxiety, which is testing the bonds of trust we have with each other. Making things more difficult is how seldom leaders and team members meet face to face these days, combined with how often the nature of technology causes us to misinterpret each other's intentions. All this makes us liable to arrive at incorrect conclusions about trustworthiness.

Trusted leaders who have quality relationships with their team members are thriving. But leaders who have a trust deficit with their people are having a rough ride—and any chinks in their armor are being magnified.

Trust Comes from Behaviors

The challenge with trust is that most of us don't think about it until it's been broken. Trust is based on experiences—our interactions with individuals and leaders in an organization. It's personal and fluid. We have to pay attention to it.

As a leader, consider whether you could be inspiring trust or eroding it. Now, take into account how the pandemic has made trust even more essential—and more fragile.

Four Ways to Build and Restore Trust

How can leaders diagnose their relationships and improve them? We teach the four elements of trust: Able, Believable, Connected, and Dependable (ABCD).

Able: Can you do what you say you can do? Do you demonstrate competence? Do you have the skills, knowledge, and expertise to be good at what you do? Do you have a track record of success? Does your performance inspire trust in others?

Believable: Do you act with integrity? Do you walk your talk? Do your behaviors align with your values? Do your values mirror your organization's values?

Connected: Do you really care about your people? How much care do you demonstrate in your relationships? Do you have your people's best interests in mind? Or do you have a hidden agenda? One of the simple truths of leadership Ken Blanchard and I discuss in our new book, Simple Truths of Leadership: 52 Ways to Be a Servant Leader and Build Trust, speaks to the importance of connection in building trust: "People don't care how much you know until they know how much you care." Our level of interpersonal connection with others is what fans the flames of trust in those relationships.

Dependable: Do you honor your commitments? Are you reliable? Will you do what you say you're going to do?

Leaders who study these four elements are able to build and restore trust. It's common sense, but not common practice. Here's what I tell leaders when I give talks and run workshops: Keep it simple. Start with the basics. Demonstrate behaviors that align with the ABCDs. You'll

OPINION: Restoring Trust During the Pandemic, Randy Conley

Continued from page 15

build trust and be viewed as trustworthy. It's not complicated.

Trust, Psychological Safety, and the Extraordinary

Trust and psychological safety go hand in hand. Psychological safety is feeling safe enough to speak up, take a risk, or share ideas without fear of the consequences. And psychological safety translates into improved employee engagement, increased productivity, more collaboration, and behaviors that are required for corporate success.

The ABCDs of trust create an environment where people feel comfortable being vulnerable. That's essentially what psychological safety is. Do you feel safe enough to be vulnerable in expressing ideas, sharing information, and speaking your truth without fear of punishment? When people feel trusted and safe, the extraordinary can happen.

Look at it this way. There's no need for trust if there's no risk involved. We're certain the sun's going to come up tomorrow. That's a sure thing; a guarantee. Trust isn't required.

But what if I'm in a group meeting with my boss, who says something that I know is wrong? It might be risky for me to speak up and tell the boss that they're incorrect. Do I trust my boss to hear the feedback dispassionately? Are contrary opinions welcome? Or even encouraged?

Trust and psychological safety create a virtuous cycle. They foster safe environments, which allow people to flourish and accomplish the remarkable.

The ABCDs: Guideposts for a Tumultuous Time

The pandemic is a great trust experiment. It is forcing organizations and leaders to extend massive amounts of trust in new and different ways.

Just think back to March 2020, when organizations were rushing to get their people set up to work remotely and were scrambling to keep the lights on. Literally overnight, organizations extended massive amounts of trust to their employees to do whatever it took to keep the business afloat. In 2021 we started to settle into a weird new normal of hybrid work as some organizations started bringing people back to the office. The new COVID variants in 2022 are the latest gut-punch to trust between leaders and their people. But no matter what the pandemic throws at us, we have to continue building and restoring trust.

The pandemic is running its chaotic course and the great trust experiment continues. But there is good news in the midst of the tumult. The ABCDs of trust are lampposts that light the way to a brighter tomorrow. Use them and you'll be better prepared to meet any challenges in your path.

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