

Focus on Fuels

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It's that time of the year when everyone thinks of 1) Santa Claus, 2) an exciting New Year, 3) football playoffs or bowl games, and 4) attestations. You're forgiven if your reaction to number 4) was like fingernails running over a chalk board. No-one celebrates the season of attestations. But they are no less important just because they are boring. TM&C as technical experts in attestations has teamed with a certified public accountant to provide attestation services for many clients for many years. Contact us to see if our team can help you in this area. The attestation season runs from February through May. Last year, and perhaps this year, some attestations were delayed as the EPA considered the application of the renewable fuel regulations. Give us a call and we can help in this or many other fuel regulatory areas.

NGOs - The Stealth Factor

by Tom Hogan

TM&C Services in Fuel Regulations

TM&C provides a full range of services in its fuels regulatory practice. Some of these services are listed below.

- Preparing, reviewing and submitting fuels reports, including CDX submissions.
- Facility audits for compliance with fuels programs.
- Interaction with EPA to pose fuels related questions.
- Industry specialist assistance for required gasoline attestations.
- Industry specialist assistance for in-line

I have to admit that after 40 years in the energy industry, I had never heard the term NGO and certainly didn't think that I considered NGO opinions in any decision-making. My ignorance did not lessen the very important role NGOs play in forming public opinion and public policy. For those as uninformed as me, an NGO is a nongovernmental organization. That's a more recent identification for an organized group of citizen's with a common interest in something that impacts their lives. To those in the energy industry, they are frequently identified as the people who oppose. Oppose what? They oppose whatever the energy industry proposes short of shutdown of all operations, restoration of all land to pre- Revolutionary War status and distribution to each person of at least \$100,000. I think with all three of those things, you could get over 50% of the NGO participants to approve. Participants in NGOs can be very independent.

Despite my ignorance of the term NGO, environmental groups have been active since I started in 1971. The scope of the NGOs has expanded dramatically since then. The focus now includes such diverse subjects as environmental justice (the rights of those who live near

- blending audits.
- Assistance in setting up a fuels compliance group/program.
- Personnel reviews of compliance related groups.
- Compliance status reviews and recommendations.
- Negotiations/consultation during EPA enforcement actions.
- 3rd Party Engineering reviews.
- Due diligence reviews of facilities and companies in RFS RINs Program.

energy facilities), light pollution (who knew light was a pollutant back in 1971), groundwater protection (puddle pollution), traffic control (a real problem if you live near a big project), and endangered species protection (which extends now to the protection of some insects).

NGOs are not your great-great grandmother's suffragette sewing circle. They can be well organized and well funded with highly educated leaders. They can force regulatory legislation and delay projects for a very long time. They operate on many levels. They lobby the various GOs (governmental organizations). They craft legislation that is frequently approved, which limits industrial activities. They influence elections by funding and supporting candidates who share their desire to control their environment. NGOs can be more powerful than the economic driving forces of western economies. In the oil industries, NGOs are at least as important as the basic price of crude oil. High crude prices can make it difficult to penetrate a new market. A ban on exports or imports can have the same effect.

The current stand-off on the Keystone XL pipeline is a classic example of the impact of NGOs and a President that either believes their message or believes it is politically expedient to appear to believe their message. The pipeline is necessary to reduce the cost of moving crude oil from Canada and some regions in the U.S. to the markets in the U.S. Gulf Coast and possibly to export markets. NGOs have opposed the pipeline relentlessly since it was first proposed. The primary NGO objective is to limit or eliminate the production of heavy crude from the Canadian oil sands in Alberta. They have reasoned that if there is no way to bring the oil to market, it will not be produced. Their basic assumption is correct; however, the transportation options of the oil industry include trucks, rail and marine.

The industry has developed alternate transportation (primarily rail) which has moved the crude oil to refining centers. The NGOs recognized this success and have begun a campaign to limit receiving crude oil by rail through the permitting process for terminals that can offload railcars. They have also noted a limited number of rail accidents highlight that moving crude oil by rail is less safe than moving it by pipeline. The industry agrees that pipelines are the safest and most efficient mode of moving crude and petroleum products; however, as long as alternate transportation methods are available, the crude will make its way to market.

The success of the NGOs in delaying and possibly killing a project like the Keystone XL pipeline, is an indication of their power. NGOs routinely have an impact on almost all oil industry projects in the U.S. Anyone who underestimates the power of the NGOs is making a big mistake.

Turner, Mason & Company follows the latest developments in these areas and is available to assist in navigating the latest fuel regulation or anticipating the next one. Contact us for assistance.