

# SIGMA WEEKLY REPORT

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April 7, 2008

## HOUSE COMMITTEE APPROVES TOBACCO LEGISLATION

The House Energy and Commerce Committee on Wednesday passed H.R. 1108, the Family Smoking Prevention and Control Act by a vote of 38-12. The bill would grant the Food and Drug Administration with regulatory authority over the manufacture and retailing of tobacco. Much of the opposition was from Republicans who argued that the Food and Drug Administration was already overwhelmed and could not take on regulating another industry.

The new agency activity would be funded through industry user fees totaling \$90 million in FY08 and rising to \$755 million by FY18. The committee approved the bill with a manager's amendment that sought to address concerns raised by retailers who sell tobacco products, small tobacco companies and tobacco growers, and Republicans.

Though the timing is unknown, the bill now heads to the House floor for consideration. Many of the concerns that SIGMA had with the bill were addressed by a number of provisions. Thank you to those who have been contacting their representatives. Your message was heard and had favorable results. Some wins include:

- Creating a level playing field by applying the bill's provisions to all tobacco retailers
- Granting procedural safeguards to ensure a fair regulatory process
- Providing incentives for retailers to adopt good compliance and training practices
- Protecting against the imposition of double fines for the same conduct
- Setting fair boundaries for retailer liability

The Senate version is still unacceptable and will need to be addressed if the House bill moves forward.

## SENATE HEARING ON HIGH FUEL PRICES

The Senate Energy and Natural Resources Committee heard testimony on Thursday about the cause and effect of higher gasoline and oil prices. The purpose of the hearing was to examine the influence of non-commercial, institutional investors on the price of oil.

Members of the Committee realized the importance of excessive speculation on the energy market and were seeking answers and remedies. Witnesses included: Jeffrey Harris, chief economist, Commodity Futures Trading Commission; Sarah Emerson, managing director, Energy Security Analysis Inc.; Kevin Book, senior analyst and senior vice president, Friedman Billings Ramsey & Company, Inc ; Jim Burkhard, managing director of the oil and gas group, Cambridge Energy Research Associates; Sean Cota, PMAA northeast regional chairman, Petroleum Marketers Association of America; and John Eichberger, Vice President, Government Relations, NACS.

Commodity Futures Trading Commission (CFTC) Chief Economist Jeffrey Harris expressed that there was little evidence that trading by speculators is responsible for the run-up in crude oil prices. Harris instead said that fundamentals -- which include broad, borderless factors such as the value of the dollar and inflation, as well as those particular to a certain market, like strong demand for commodities in China and India, or geopolitical events involving actors in oil producing regions -- provide the best explanation for crude oil prices. Committee Chairman Jeff Bingaman (D-NM) acknowledged Harris' thesis, but observed that "there is an increasing demand for oil purely as a financial asset." The CFTC has argued since at least 2004 that rather than driving prices and volatility, speculators act as liquidity providers for commercial hedgers, who actually are the dominant price-setters. Alternatively, NEFI President, Sean Cota urged Congress to: implement substantial reforms to existing law and federal regulation designed to ensure fully transparent, accountable and stable energy futures markets; pass the Senate language reauthorizing the Commodity Exchange Act (CEA) in the 2007 Farm Bill that would bring greater transparency and accountability to energy trading facilities; release all of the Northeast Home Heating Oil Reserves; and investigate the CFTC's use of "no-action letters" which equates to a loophole for foreign markets seeing to gamble with American energy commodities and economic interests and to reduce the dominance of speculators in the commodities markets.

## **OZONE “EARLY” ATTAINMENT AREAS**

The Environmental Protection Agency is designating 13 areas participating in early action compacts as being in attainment of the eight-hour ozone standard. The communities being given the designation are Washington County/Hagerstown in Maryland; Fayetteville, the Greensboro area, and the Hickory-Morganton-Lenoir area in North Carolina; Greenville-Spartanburg-Anderson in South Carolina; the Chattanooga area, the Johnson City-Kingsport-Bristol area, and the Nashville area in Tennessee; the San Antonio area in Texas; Frederick County/Winchester and Roanoke in Virginia; and Berkeley and Jefferson Counties in West Virginia. In exchange for early compliance, EPA gives early action compact participants greater flexibility to choose locally tailored emissions-control measures, as opposed to more conventional measures required of most nonattainment areas. EPA also will revoke the one-hour standard for each of the 13 early compact areas one year after final attainment designations take effect April 15.

## **SIGMA SPRING CONVENTION KEYNOTES**

Three insightful keynote speakers, Stan Sheetz, President and CEO of Sheetz, Inc., Tom Kloza, Chief Oil Analyst with Oil Price Information Service and Tom Bliley, Senior Government Affairs Advisor at Steptoe & Johnson LLP, are scheduled to speak during the General Session at SIGMA's Spring Convention in Hilton Head, SC. Sheetz will address the State of the Industry as CEO of one of the fastest growing C-store chains in the country. Kloza will address how to survive the last six months of 2008 in regards to the oil industry and how future projects may affect the supply as well as pricing of oil in 2009. And finally, Bliley will address effective lobbying with congress as well as the effect the upcoming presidential election will have on key issues of SIGMA members. The General Session will be held on Tuesday morning, May 20.

## **SIGMA SHARE GROUPS: IT AND HR**

IT unite and join your peers on June 18-19 in New Orleans, LA, and address the strategic issues around IT, including planning, outsourcing, optimizing applications, network security and how to buy solutions effectively. As an option, arrive a day early and join other volunteers and work on a Habitat for Humanity house in New Orleans and assist in their efforts to rebuild New Orleans. In September there will be an HR Share Group-- HRCI certified for up to 8.25 CE's. Details can be found at [www.sigma.org](http://www.sigma.org). Click on the [Share Group](#) link.

## **COMMITTEE WILL SUBPOENA EPA DOCUMENTS**

On Apr. 2, The House Select Committee on Energy Independence and Global Warming voted 12-0 to subpoena Environmental Protection Agency (EPA) documents related to possible regulations on greenhouse gas emissions. Committee Chairman Edward Markey (D-MA) is seeking a draft of the proposed regulations that EPA sent in December to the White House Office of Management and Budget before Congress passed the energy bill. EPA Administrator Stephen Johnson has declined to provide the document, saying the agency could not release a document about a decision that has not yet been made. The vote to issue the subpoena came one year after the Supreme Court ruled that EPA has the authority under the Clean Air Act to regulate greenhouse gas emissions. The court said EPA must regulate emissions from vehicles or explain why it is not (*Massachusetts v. EPA*). Markey has requested documents related to the EPA greenhouse gas regulations since January.

In similar news, a bill introduced April 2 by Sens. Dianne Feinstein (D-CA) and Olympia Snowe (R-ME) would require EPA to issue a finding on whether greenhouse gas emissions present a danger to public health and welfare. The bill would require EPA to issue an endangerment finding within 60 days of the bill's enactment. The bill (S. 2806) also would require that EPA reconsider its decision to deny California a Clean Air Act waiver to enforce stricter emissions standards for vehicles no later than June 30, 2009. The bill has been referred to the Senate Environment and Public Works Committee.

## **ALGAE FOR FUEL**

Researchers at the U.S. Department of Energy's Argonne National Laboratory recently announced that they are working to chemically manipulate algae to produce hydrogen gas through photosynthesis. The researchers claim that some varieties of algae contain an enzyme called hydrogenase that can create small amounts of hydrogen gas naturally. Scientists are trying to find a way to take the part of the enzyme that creates hydrogen and introduce it into the algae's photosynthesis process. The result would be a much larger amount of hydrogen--possibly on par with the amount of oxygen created by photosynthesis--that could be used for clean alternative energy. Many research scientists have been looking for alternatives to grain-based ethanol, including cellulosic ethanol and fuels made from algae.