Message

From: Nolan, Robert M [robert.m.nolan@exxonmobil.com]
Sent: 10/19/2018 3:10:30 AM
To: Gunasekara, Mandy [Gunasekara.Mandy@epa.gov]
Subject: Fwd: Research: IMO 2020, Refiner Profits and Voter Perceptions

FYI

Robert Nolan
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Sent from my iPhone

Begin forwarded message:

From: ClearView Energy Partners, LLC <research@CVEnergy.com>
Date: October 18, 2018 at 8:06:30 PM EDT
To: <robert.m.nolan@exxonmobil.com>
Subject: Research: IMO 2020, Refiner Profits and Voter Perceptions
Reply-To: ClearView Energy Partners, LLC <research@CVEnergy.com>

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Robert,

*** your personalized link to the full research note follows the body of this e-mail ***

IMO 2020, REFINER PROFITS AND VOTER PERCEPTIONS

On October 22, the International Maritime Organization's (IMO) Marine Environment Protection Committee (MEPC) will convene a week-long session in London. At that meeting, according to a *Wall Street Journal* article published this evening, the Trump Administration plans to propose a phased-in "experience-building" period that could slow the onset of the IMO's January 1, 2020 reduction of marine fuel sulfur content from 3.5% to 0.5%.

We anticipated some form of Presidential intervention in our September 26, 2018 report, *The IMO Y2k-20 Scenario,* notwithstanding that U.S. refiners appear well positioned to benefit if the rule leads to market tightness for low-sulfur distillates. As we noted, pump prices tend to trump (small "t") producer profits, especially in distillate-heated, East Coast "swing states" that voted for President Donald Trump (with a big "T") in 2016, especially Pennsylvania.

Next week's effort could face long odds, in our view, due in part to the short timeframe available for changing a final regulation forged in a multilateral forum. We would also suggest that IMO stakeholders who are pushing for marine fuel greenhouse gas (GHG) emissions standards – a policy shift in the opposite direction from the delay proposal – may try to block the proposal, too.

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