

Message

From: Moore, James D [Jamie.D.Moore@andeavor.com]
Sent: 8/3/2017 7:50:08 PM
To: Lyons, Troy [/o=ExchangeLabs/ou=Exchange Administrative Group
(FYDIBOHF23SPDLT)/cn=Recipients/cn=15e4881c95044ab49c6c35a0f5eef67e-Lyons, Troy]
Subject: RE: RE: RE:

What do you think the pressure point was that drove this decision. Seems like it came out of left field.

From: Lyons, Troy [mailto:lyons.troy@epa.gov]
Sent: Thursday, August 03, 2017 11:52 AM
To: Moore, James D
Subject: Re: RE: RE:

The usual suspects. Surprised I haven't heard from afpm

Sent from my iPhone

On Aug 3, 2017, at 9:42 AM, Moore, James D <Jamie.D.Moore@andeavor.com> wrote:

Wish this piece hadn't been written. Not helpful.

Suspect you are hearing from another Tx based refiner....

From: Lyons, Troy [mailto:lyons.troy@epa.gov]
Sent: Thursday, August 03, 2017 11:39 AM
To: Moore, James D
Subject: Re: RE:

Oh yes. Everyone has been blowing me up this morning.

Sent from my iPhone

On Aug 3, 2017, at 9:38 AM, Moore, James D <Jamie.D.Moore@andeavor.com> wrote:

You saw this?

Source: EPA will reject refiners request to change ethanol rules

By Eric Wolff

08/03/2017 10:46 AM EDT

The Trump administration plans to reject a proposal that would let oil refiners off the hook for complying with the federal ethanol mandate, a senior administration official told POLITICO, dashing the hopes of billionaire Carl Icahn and a slew of independent companies.

EPA plans to formally announce the decision within the next two weeks, the official said.

The move is a severe blow for Icahn, a longtime associate and early supporter of Donald Trump who owns the refiner CVR Energy. He was once so confident that the obligation would be changed that he tried to strike a deal with a biofuels trade association.

Ultimately Icahn and his allies were unable to prevail over a peculiar alliance of major oil companies and biofuels producers, who opposed changing the Renewable Fuel Standard, though for separate reasons.

Icahn, refining giant Valero, and smaller refiners argued that purchasing compliance credits, called Renewable Identification Numbers, squeezed their bottom lines and, in some cases, threatened to put them out of business. Icahn's CVR lost \$19 million in the second quarter of this year after guessing incorrectly that the administration would make the policy change.

Trump has turned away from one of Icahn's main policy goals in large part due to pressure from corn state voters and ethanol organizations.

"President Trump supports the EPA's decision," the official said.

The decision follows through on Trump's campaign promise to support ethanol and leave the mandate intact. Corn states and ethanol interests have been lobbying hard, arguing that the change would set back an ethanol industry that is vital to some of the states where voters strongly backed Trump.

"Mr. Trump won that election because voters in Iowa and across the heartland, we rose up in support of him," Annette Sweeney, a member of Trump's Agriculture Advisory Council, said in an interview after the election. "Mr. Trump, the time I visited with him, he understood the need for home grown fuel, the need for cleaner fuel. Here in Iowa we were some of Mr. Trump's strongest supporters. And I really think shifting the point of obligation would interrupt America's progress toward making clean renewable biofuels."

Biofuels producers believed that if EPA had shifted the "point of obligation" away from refiners, as Icahn and other companies requested, it would cause years of upheaval. The American Petroleum Institute, which represents much of the oil industry, including the oil majors, has opposed the change, saying it's a distraction for the kind of overhaul or full-on repeal the program needs.

EPA will finalize an Obama-era proposed decision to reject a petition by refiners that asked to change the program. The agency has been ready to act for months, but the White House Office of Legal Counsel advised waiting for the D.C. Circuit Court of Appeals to rule in an omnibus case of RFS challenges, the official said. The case included a challenge by merchant refiners to force EPA to make a decision on the obligation question. In its ruling, the court rejected the request by the refiners to require EPA to decide on the obligation question in every annual RFS rule, but it did say EPA should make a decision at some point. The resolution of the case opens the door for EPA to act.

Oil analysts don't believe the decision to leave the program unchanged will have a significant effect on the cost of RINs, which have fallen substantially since last year.

"The changing of the point of obligation doesn't mean RINs will be more expensive or cheaper," said Tom Kloza, Global Head of Energy Analysis for OPIS.

Critics of the RFS focus on high RIN prices as a chief reason for changing which companies are obligated. Icahn's CVR lost \$19 million RIN costs in the second quarter of this year after guessing incorrectly that the administration would expand the number of companies complying with the RFS, a move which might have pushed RIN prices down.

Valero CEO Joe Gorder said Valero spent \$750 million on RINs last year, and Icahn has called RIN sales "the mother of all squeezes." Delaware Valley refiners like the Delta-Airlines-owned Monroe Energy and Philadelphia Energy, already smarting from the legalization of crude exports in 2015, say RIN costs could drive layoffs or even bankruptcy.

Valero and other refiners sued the EPA over the obligation issue, arguing that EPA should address it each time it sets new mandates for biofuel blending. Oral arguments in that case were held before the D.C. Circuit last month.

For Icahn the move could be a blow to the stock price of CVR's refining subsidiary, which shot up 40 percent between Trump's election and the first months of his presidency. But by Wednesday CVR Refining's stock had fallen back to 6 percent below Election Day.

An early Trump supporter, Icahn was named a "special adviser" to the president though he is not on the government payroll. Icahn was so confident the change was coming that he and Valero presented the president with draft language for an executive order in February. That same month he called Bob Dinneen of the Renewable Fuels Association, an ethanol trade group, and told him the ink was already drying on an executive order changing the program, and offering to meet Dinneen's demands for providing support. News of the conversation drove down RIN prices, and also split RFA from the biofuels community. Within days RFA had been booted from Fuels America, a political umbrella group for ethanol producers.

The order never came, and in the wake of the news, Icahn became the subject of ethical questions surrounding his role at the White House. Public Citizen filed a lobbying complaint with both houses of Congress, and last week eight Senate Democrats led by Elizabeth Warren (Mass.) sent letters to the SEC, EPA and Commodity Futures Trading Commission calling for an investigation into Icahn's dealings.

Icahn went quiet on the issue over the last few months, possibly as a result of all the investigations and letters from Senators.

Icahn did not respond to a request for comment, and EPA did not respond for the record.

From: Lyons, Troy [<mailto:lyons.troy@epa.gov>]
Sent: Thursday, August 03, 2017 10:44 AM
To: Moore, James D
Subject: Re:

Denver today, gkm tomorrow. Back around midnight tomorrow. Gone again next week to ND t-w. The following week I am wide open.

Sent from my iPhone

On Aug 3, 2017, at 8:32 AM, Moore, James D <Jamie.D.Moore@andeavor.com> wrote:

Late notice. Have lunch plans?

Jamie D. Moore
Director Federal Government Affairs
Andeavor
601 Pennsylvania Avenue N.W.
Suite 850
Washington, D.C. 20004

Ex. 6

office
cell