AMERICA'S LEADING FUEL MARKETERS

IGM

INDEPENDENT GASOLINE MARKETING

NOVEMBER | DECEMBER 2024

SIGMA

inside:

SIGMA

About SIGMA: Founded in 1958, SIGMA: America's Leading Fuel Marketers has become a fixture in the motor fuel marketing industry. After more than sixty years of leadership, SIGMA is the national trade association representing the most successful, progressive, and innovative fuel marketers and chain retailers in the United States. From the outset, the association has served to further the interests of both the branded and unbranded segment of the industry while providing information and services to members.

SIGMA's approximately 260 corporate members command more than 50 percent of the petroleum retail market, selling approximately 80 billion gallons of motor fuel each year. These member companies operate throughout the United States and Canada.

Regular membership in SIGMA is available to companies involved in motor fuel retailing or wholesaling that are not owned by a refiner. In addition, Associate membership is available to fuel supplier companies and to companies that offer financial services, fuel transport services, and fleet card services. SIGMA member companies have long been recognized, both within and outside the industry, as the most aggressive, innovative, and price competitive segment of petroleum marketers.

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Dale Boyett
SIGMA President

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Plan Now for 2025!

It has been my pleasure and honor to serve as SIGMA's president over the past two years. As my term comes to a close, I am proud of the path forward SIGMA is forging, focusing on transition and growth. As our industry continues to evolve, so too will SIGMA, because change offers the opportunity for even better member value and ultimately a stronger association.

Looking back over the past two years, our conferences were highly successful with outstanding attendance participation. SIGMA's conferences are unique in our industry in that they provide not only education, but also the ability to discuss best practices with peers in the industry, share stories of how the actions of Congress are affecting your business, and network with suppliers and business services partners all under one roof. SIGMA's conferences are definitely one of its strengths.

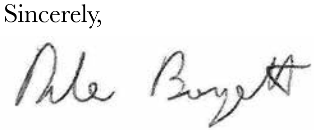
Another of SIGMA's strengths is its members. I have been fortunate to serve with many of them on the SIGMA Board of Directors, and I am pleased that new SIGMA members have offered their time and expertise to continue to guide the association forward. In this regard I would like to take a moment to thank SIGMA's outgoing Board of Directors members Bob Bollar, SC Fuels, Dirk Cooper, Hi-Noon Petroleum, Bill Gallagher, Offen Petroleum, and Alison Schmidt, US Energy, and I welcome SIGMA's incoming Board members Terri Bateman, Sun Coast Resources, Mark Harper, Guttman Energy, and Michael Mansfield, Jr., Mansfield Energy

SIGMA is a great organization and I am proud to be a part of it. SIGMA continues to add value to each member company and this value will expand into new areas as the liquid fuels industry evolves and changes. I strongly encourage you to take advantage of your SIGMA membership and to provide your feedback and observations to both the Board and to SIGMA staff. Your input and ideas are what will keep SIGMA thriving and relevant.

As we close out 2024, take a look at the Events page on the SIGMA website and get the 2025 events on your calendar. The year will kick off with the Winter Conference (formerly ELC) in Vail February 2-5, followed by the Spring Conference April 22-24 in Scottsdale, and then the Annual Conference November 4-6 in Nashville. In addition, SIGMA has some exciting new year-round education planned, so be on the lookout for the launch of SIGMA University in the new year.

I would like to thank SIGMA's Board of Directors, Scott Berhang, and the rest of the SIGMA staff, and all of you for your support and for making my time as President both productive and enjoyable. ★

Sincerely,



Dale Boyet, Boyett Petroleum
SIGMA President

Inside SIGMA

A Message from the SIGMA CEO

Dear SIGMA Community,

By the time you read this, we will know who is going to occupy the White House for the next four years. Well, let's hope that we know. Remember knowing who was the President Elect by the time you went to bed? Who remembers Chet Huntley, or David Brinkley, or Walter Cronkite on election night? Sorry - I'm aging myself.

Here's what I'm thinking about now – this is my TWELFTH Presidential election in the fuel industry. Wow – how much has our government and this fuel business that all of us love so much has changed?

My first election in the fuel business was in 1980 – Reagan defeating Carter. I had just started my career with a fuel price reporting agency and was struggling to grasp the basics. Rack. What? Spot market. Huh? Margins? Uh, sure. Much of what cost Carter that election was the oil embargo and gas lines in the 1970's. Do any of you readers remember those days? Odd/even gas rationing? The last number on your license plate determined whether you could fuel on an odd, or an even day. That really happened.

I was telling my 16 year old the other day about odd/even rationing, and she looked at me like I was NUTS! Today, the concept of not being able to fuel readily is totally foreign. The kids think of fuel like Instagram, or TikTok – always there, readily available. But – as Hurricane Milton showed us – supply cannot always be taken for granted. Weather issues are more intense than ever, putting strains on the fuel supply system.

I've seen so many events through so many of those Presidents - wars, embargos, collapsing financial institutions, and all other kinds of upheaval. To me, the one common denominator over all those years is this – ***fuel price volatility is a mainstay***. Our complicated fuel supply network both domestically and internationally has created an atmosphere of dramatic price volatility. That complicates everyone's business – whether you are the supplier, or the end user.

And ponder this - when I started (and Reagan had just been elected) there were three grades of gasoline – leaded, unleaded and premium. And just No.2 diesel. A simple, fungible fuel slate. A rack price discovery report for, let's say, Atlanta was one page long. Now, it's probably about 12 pages. So many fuels, with different RVP's and blends. Multiple diesel grades, RINS, and other environmental credits to follow.

Where am I going with this? The uncertainty in our markets affects everything that we do in our businesses. Whether we are buyers, or sellers, marketers or refiners, we all feel the heavy weight of market uncertainty. And, as a new era of government is ushered in, there is also the uncertainty of what kinds of regulations will affect our industry in the next four, or eight years.

Here's another thing that I was thinking about as I remembered how many elections I have witnessed – SIGMA was a constant. My first SIGMA meeting was in the mid 1980's. Regardless of who won, or lost, I knew that when I attended a SIGMA meeting I would be among my peers who had invaluable insights into how markets and businesses could be affected. Now, as CEO, I am proud to represent this organization that will only grow and get better. ★

Scott Berhang
CEO, SIGMA

profile: Gulf Oil

By Mark Ward Sr.

Historical Site Photo - 1947 Kentucky

Founded in 1901, active in retail fueling since 1913, Gulf Oil debuted its orange disc logo in 1920. For more than a century, the trademark has stood the test of time as an industry icon.

Over that span, Gulf has evolved through successive iterations (see sidebar). Its brand recognition has never waivered — which is why RaceTrac Inc. last year made Gulf Oil the largest acquisition in the Atlanta-based company's history.

When the deal closed last December, RaceTrac acquired Gulf's iconic brand in the United States and Puerto Rico, all Gulf-branded distributor and license agreements comprising of some 1,100 branded sites, and exclusive rights to market fuel at eleven Massachusetts Turnpike service plaza locations.

In its public announcement, RaceTrac explained that the "transaction represents an immediate opportunity for growth through geographic expansion, scale, and diversification."

Family-owned RaceTrac Inc. operates or franchises close to 900 retail locations through the RaceTrac and RaceWay brands across 13 states. Its wholly owned subsidiary, Metroplex Energy, is a wholesale fuel supply and trading company that supplies fuel to all RaceTrac and RaceWay locations and other leading retailers and wholesalers across the nation.

As Ron Sabia, chief operating officer for Gulf Oil, explains, "Under the previous iteration, Gulf was focused on supply growth in the Northeast and licensing the brand elsewhere in the United States and its territories. That focus has changed under the direction of the RaceTrac leadership and new owner, Metroplex Energy. The synergies between the two companies are apparent as RaceTrac and RaceWay branded retail sites primarily serve the Southeast, while the 1,100 Gulf branded sites are mostly located in the Northeast—hence the opportunity for RaceTrac Inc. to immediately expand its scale and operating network. "The leadership team is committed to strengthening and expanding the Gulf operations to the ultimate benefit of our customers."

A Family of Brands

The addition of Gulf to the RaceTrac family of brands, continues Sabia, can offer significant benefit to independent marketers. "Most branded sites are operated by high-volume, multi-branded marketers," he observes. "When they need to add another competitive, well-known brand to their portfolio, Gulf is a great option. Now that option is available not only in the Northeast, but in the Southeast as well."

Distributors in the southeastern United States who take on the Gulf brand can be assured that their fuel supply is secure. ▶

Yatco Energy- Boylston, MA

Boston Celtics Courtside Advertising

"We're now owned by Metroplex, one of the premier supply organizations in the country," says Sabia. "Metroplex has more than 180 sources of supply, inclusive of blending and shipping. We can now leverage that network and expertise for our customers." Metroplex secures bulk fuel to supply rack sales and delivery of gasoline, diesel, and biofuel products by pipeline, rail, truck, barge, and vessel. Customers benefit from high-quality supply, timely delivery at competitive prices, and an integrated system that provides real-time information, all backed by a team experienced in trading, supply, and logistics.

For its part, Gulf does not rest on its history but continues to modernize and evolve along with the everyday consumer and industry. "Gulf rolled out a new retail image campaign, loyalty app, and stricter brand standards over the past four years. The improvements have nearly doubled the brand's consumer perception rating and have resulted in material volume growth for existing customers and an increase in new-to-industry opportunities, averaging 30 percent higher thruput than the brand has seen in prior years," reports Sabia. "And we boosted transactions 30 percent when we launched our 2nd generation mobile payment and loyalty app, Gulf Pay, that allows consumers to pay by phone and pushes personalized fuel offers based on users' purchasing behavior."

Marketing partnerships further boost Gulf brand recognition. Through sponsorship agreements with baseball's Boston Red Sox and basketball's Boston Celtics, millions of fans nationwide see the Gulf logo. And in the communities that it serves, Gulf is active through such charitable sponsorships as the American Cancer Society, local Boys and Girls Clubs, the NBA's Jr. Celtics Academy, and the Red Sox Foundation's Reviving Baseball and Softball in Inner Cities. Gulf's charitable mission is to support youth and wellness programs

Boston Red Sox Green Monster Signage

Gulf Oil brings to RaceTrac and Metroplex an experienced and talented team. Sabia has more than 30 years of industry experience and served as president of Gulf Oil Limited Partnership from 2005 to 2016. Other key Gulf team members include Nikki Fales, vice president of marketing and payments, and Jamie Friesema, vice president of branded sales both with

RBI Day 2024 at Fenway Park

the company for over ten years. Gulf veteran Matt Harrison has joined Metroplex to work with Michael Smith, executive director of unbranded sales, on unbranded growth. Smith is a veteran of Gulf bringing years of expertise in the commercial fuel industry. "The acquisition opens up opportunities for expansion of the Gulf brand into the Southeast," adds Sabia, "Then over time, we look to push out our family of brands into the Mid-Continent and West regions."

Synergies and Possibilities

The acquisition of Gulf Oil by RaceTrac Inc. is less than a year old, yet new possibilities are under active discussion to enhance the Gulf brand. Sabia lists six areas where growth is being explored: fully launching the Gulf brand in the Southeast, growing unbranded sales in the Northeast, expanding Metroplex from a regional to a national player, piloting a Gulf convenience store franchise concept, evaluating electric vehicle charging opportunities, and investing in high volume diesel & fleet incentive programs.

"At one time, Gulf sold unbranded products from Maine to Florida," notes Sabia. "When Gulf moved away from unbranded sales, many former Southeast customers moved to Metroplex. Through the Metroplex team and supply resources, Gulf can refocus on the unbranded sales channel and bring the unbranded expertise back to the Northeast where Gulf and the Metroplex team are well-known."

For a Gulf-branded c-store concept, Sabia looks to pilot a franchise model within the next six months. "RaceWay launched a successful c-store franchise program about six years ago," he relates. "So, the concept has history of success, and we are excited to expand the model with franchisees of the Gulf brand. We can lean on the RaceWay team's experience and success for our pilot and adapt it for the Gulf brand."

Nevertheless, Sabia continues, "We do not plan to roll out a program unless the pilot is successful. And even if it is, we know this model will not be for everyone. But for some distributors and dealers, the c-store concept is an area where expertise is often requested and having the ability to provide the option could be just the edge needed to compete in today's market."

As a longtime industry veteran, Sabia especially appreciates the advantages of being under a family-owned business. "In other business models, like in publicly traded companies, you are answerable to shareholders and stockholders who often look for more immediate returns," he explains. "But as a family business, RaceTrac can invest with a long-term view. Gulf Oil may be focused on growth, but we are driven by quality execution. If we consistently provide value to our customers, we will achieve our long-term growth objectives."

The synergies of the acquisition are evident, Sabia states, "when you realize that in 2024 RaceTrac celebrates 90 years. They are ▶

GULF OIL HISTORY TIMELINE

1901
Following the discovery of oil at Spindletop near Beaumont, Texas, investors form Gulf Oil to develop a nearby refinery.

1913
Gulf Oil introduces the first drive-thru retail gas station.

1920
The orange-disc Gulf logo is introduced.

1941
Gulf Oil grows during the interwar years to become the nation's eighth-largest manufacturing company.

1970
As one of the Seven Sisters major oil companies, Gulf Oil achieves its peak production of 1.3 million barrels per day.

1979
Gulf Oil is the nation's ninth-largest manufacturing company.

1984
The Hinduja Group, based in India, acquires Gulf Oil International and continues to own international rights to the Gulf brand.

1985
Chevron acquires U.S. operations of Gulf Oil. Assets in the southeastern U.S. are sold to BP and former Gulf stations owned by Chevron and BP are converted to those names. Gulf assets in the Northeast are sold to Cumberland Farms, which forms Gulf Oil Limited Partnership (GOLP) and buys a license from Chevron for North American rights to the Gulf brand.

2010
GOLP acquires the Gulf trademark.

2015
ArcLight Capital Partners acquires GOLP from Cumberland Farms.

2023
Metroplex Energy, a wholly owned subsidiary of RaceTrac Inc., acquires GOLP marketing assets, which have become Gulf Oil LLC.

2024
Global Partners LP acquires GOLP terminal assets.

big believers in the value of a brand. They have spent 90 years building one of the most recognized brands around. So, behind the acquisition is a family and company that genuinely believes in continuing to invest in the Gulf brand."

Metroplex president A. J. Siccardi, who serves on the SIGMA board of directors, states that the acquisition "provides Gulf with a historic opportunity to succeed in the rapidly evolving retail fuel marketplace." Combining Gulf's distributor network and nationally recognized brand with Metroplex's expertise as a premier fuel supplier, he adds, "creates tremendous possibilities to serve current and future branded distributors and licensees" and enhance their success.

The public announcement last December sums it up: "The acquisition adds another renowned, consumer-facing brand to RaceTrac's family of companies as well as complementary expertise and even deeper industry relationships. The deal reflects RaceTrac's ongoing strategy to accelerate growth in its core business activities and drive enhanced operating efficiencies. The combination of Metroplex Energy and Gulf Oil creates a best-in-class fuel network with a leading presence in high-demand markets across the country."

Gulf Oil is a supplier member of the association and a SIGMA Marquis Sponsor.

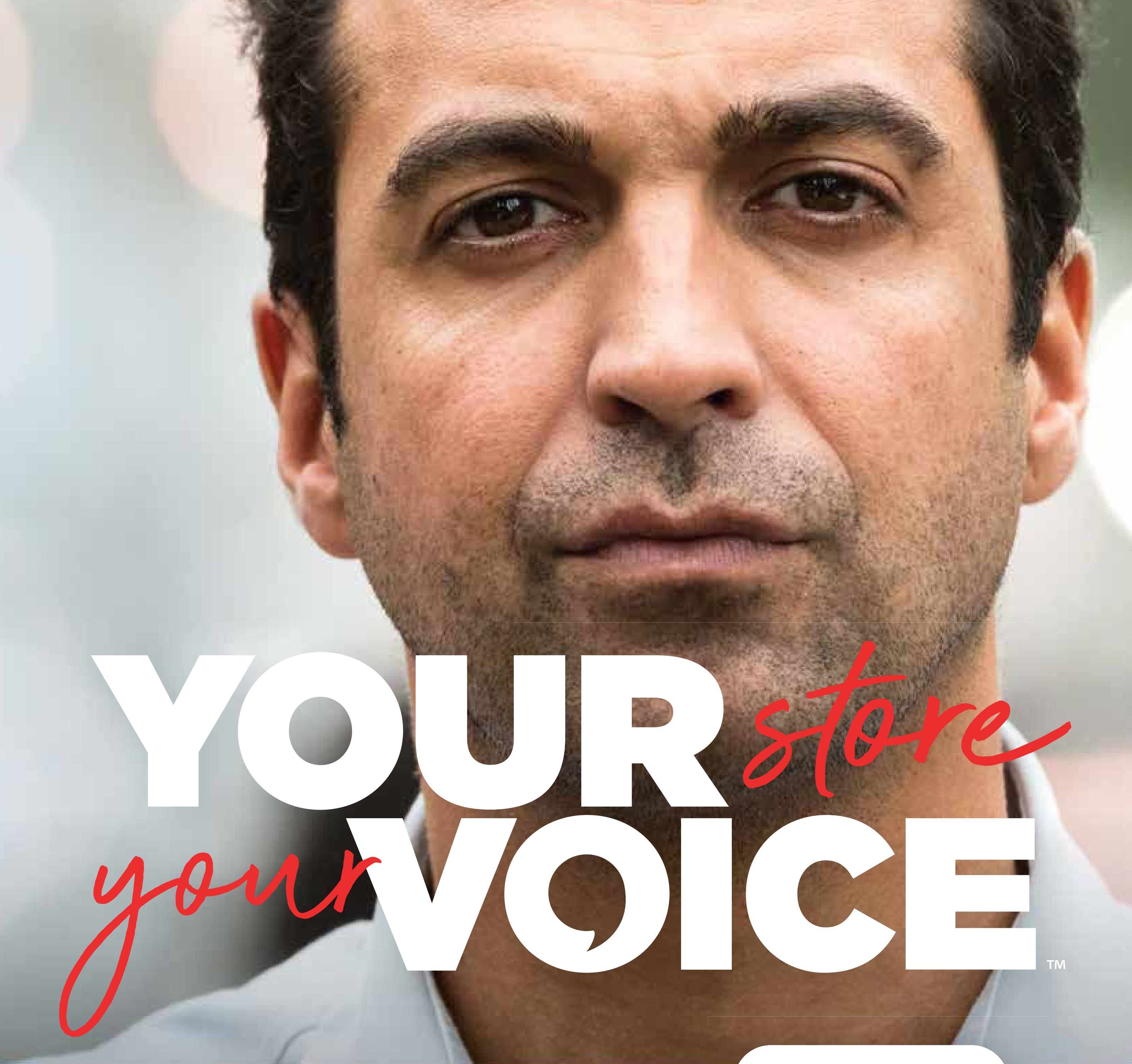
"As Gulf and Metroplex look to grow through geographic expansion, scale, and diversification," says Sabia, "the networking opportunities we have through SIGMA are key."

RaceTrac, Metroplex, Gulf, and Sabia himself have long histories with SIGMA. "I've loved the association ever since I attended my first SIGMA meeting in 1991," recalls Sabia. "I'm always impressed by SIGMA members and the choice to become a Marquis Sponsor was one to ensure the market knows that the Gulf brand is here to stay."

Sabia is bullish on prospects for Gulf, Metroplex, and RaceTrac to grow as the independent marketer segment grows. "There are more opportunities for independent marketers, branded and unbranded, to grow than ever before," he believes. "We see it in all the success stories of SIGMA member companies. Fuels will evolve. EVs will be a factor. Inside sales will be a bigger piece of the action. And in each area, SIGMA members are industry leaders and showing the way." ★

Gift Cards for Local Coaches

Gulf Pay - Savings Signage



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Washington WATCH

Gearing Up for the 2024 Lame Duck Session

After passing a short-term extension in September to fund the federal government through December 20, 2024, lawmakers raced home to campaign in advance of the 2024 elections. The outcome of the election will determine the size and scope of a year-end deal, but this funding deadline requires Congress pass legislation in the lame duck session.

Energy Tax Incentives

As we await guidance on the 45Z Clean Fuel Production Tax Credit, SIGMA, along with NATSO, NACS, the American Trucking Associations (ATA) and Truckload Carriers Association (TCA), sent a letter to Treasury outlining the distributor, retailer, and consumer perspective on the policy. Treasury subsequently indicated in October that it will not issue the 45Z guidance until 2025.

This means 2025 fuel procurement decisions will be made against a backdrop of price and policy uncertainty: We will not know what the value of the tax incentives associated with different gallons of biofuel will be, nor will we know whether the Biodiesel Tax Credit (BTC) will be extended, retroactively or otherwise.

More than any time in recent memory, there are fissures within the agriculture and biofuel stakeholder community making it difficult for groups to coalesce around singular policy goals. The 45Z credit creates winners and losers – those with access to lower carbon-intensity feedstock (such as animal fat and used cooking oil) prefer the competitive advantage that could come with 45Z, even if the ultimate tax credit value is lower. More traditional biodiesel producers using bean oil as a feedstock, on the other hand, would stand to benefit more from a straight $1/gallon extension of the BTC.

SIGMA is asking lawmakers to add a one-year extension of the BTC to the end-of-year legislative package.

Renewable Fuels Standard

EPA in September outlined its views on certain aspects of the RFS Program at an OPIS conference. Marketers should anticipate a proposed rule establishing blending mandates ("RVOs") for 2026-2028 in late Q1/early Q2 of 2025 (though that is subject to change).

EPA indicated that: (1) The RIN program does not distinguish between domestic feedstocks and foreign feedstocks, but recently EPA has been looking at whether it should; and (2) EPA does not have statutory authority to deny RINs to imported renewable diesel (RD) or biodiesel. Regarding D3/renewable natural gas (RNG) market dynamics, EPA is keenly aware of the current shortage in the market and evaluating ways to address it. The most likely option appears to be a general waiver that would reduce the 2024 D3 RVO to match actual production.

Although it is hard to say with certainty, one should expect a Harris Administration to learn from the Biden Administration's mistakes with the RFS and propose more ambitious RVOs for 2026 and later years. At the same time, a Trump Administration would be more difficult to predict. The oil and gas industry's perspective has evolved somewhat since the last Trump Administration, with more traditional refining companies investing heavily in biofuel production assets and supply chains. This evolution could lessen the political impetus for Trump to undermine biofuel incentives.

Recent Court Cases

The D.C. Circuit Court of Appeals recently ruled that EPA acted inappropriately when it issued a blanket denial of all small refinery exemption (SRE) requests that it received. Although the ruling remains under seal, it is most likely that the court will simply instruct EPA to conduct more individualized assessments of each refinery's application rather than drawing universal, macro conclusions about how RINs exist in fuel markets and making nationwide rulings based on that assessment. ▶

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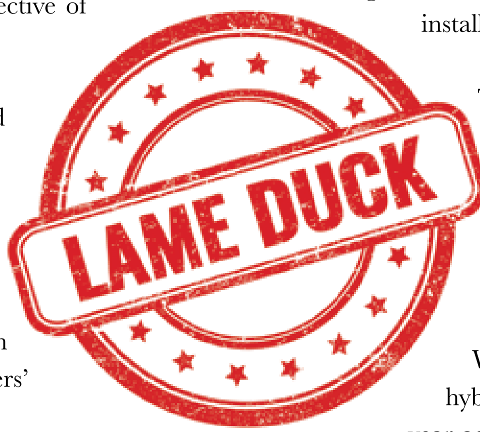
SIGMA has always held that refiners can and do pass through RIN costs. Many small refineries are more costly and less profitable than larger refineries, and they seek to overcome that market position not by making their businesses more efficient, but by contorting the RFS exemption provisions to give small refineries an unearned competitive edge.

Nevertheless, the court ruling is unlikely to materially change the trajectory of RFS policy, as decisions around small refinery exemptions will still be subject to EPA discretion exercised in accordance with the perspective of the President.



The Biden Administration has requested that the Supreme Court (SCOTUS) consider its appeal of a related ruling in the 5th Circuit that also found that EPA was wrong to deny several SRE requests. SIGMA filed an amicus brief in that case outlining our perspective on how RIN values are embedded in refiners' crack spreads.

SCOTUS is being asked to consider which court should hear Clean Air Act challenges. Historically, these types of cases challenging regulations that are national in scope are brought in the D.C. Circuit, whereas cases with more localized impacts are brought in federal courts in those regions. The outcome of this case will influence where several EPA rules are challenged, including RFS rules. We are tracking this litigation and would expect our industry would engage if SCOTUS decides to hear the case.

Finally, oil and gas companies have recently asked SCOTUS to block climate lawsuits that they are navigating in state courts throughout the country. They are arguing for federal jurisdiction over what they deem a global issue. The oil industry argues that state-by-state litigation poses a great risk to national policies and seeks to centralize the issue. Meanwhile, states like California and Massachusetts are attempting to hold the industry accountable for what they claim to be "deception regarding the dangers of fossil fuels." The lawsuits are comparable to those filed against the tobacco and pharmaceutical industries in the past, where industry officials were accused of deceiving the public and hiding the risks of their products, such as cigarettes and opioids.

30c Alternative Fuel Vehicle Refueling Property Credit

Treasury released a proposal implementing the 30C tax credit for EV charging and hydrogen fueling stations. Section 30C of the tax code provides a tax credit for up to 30% of the cost of installing chargers and hydrogen fueling property. The credit may be claimed by businesses up to $100,000 for each "single item" of property placed in service in an eligible census tract. The 30C tax credit, particularly if combined with a NEVI grant, will make investments in EV charging station installation more compelling.

The EV tax credits in the IRA (Sections 30C for EV chargers and 30D for EV purchases) remain some of the most vulnerable provisions should Trump be elected—especially if Republicans win a governing trifecta on Election Day.

With sales of battery electric vehicles and hybrid electric vehicles roughly flat from a year ago (as a percentage of total car sales), EVs have faced headwinds since interest rates rose over the last two years.

Auto dealer organizations, which until recently were happy to present their position publicly as perfectly comfortable with aggressive EV policies, are softening as broad consumer adoption of EVs seems to be coming at a much slower pace even with aggressive government subsidies. Concerns that a GOP-led government may seek to revoke these provisions may dampen enthusiasm for EVs as well. ★

David Fialkov, Jessi Frend, LeeAnn Goheen, and Thereza Cevidanes represent SIGMA in government affairs matters. Please contact SIGMAGR@sigma.org if you would like to receive regular policy updates from the government affairs team.

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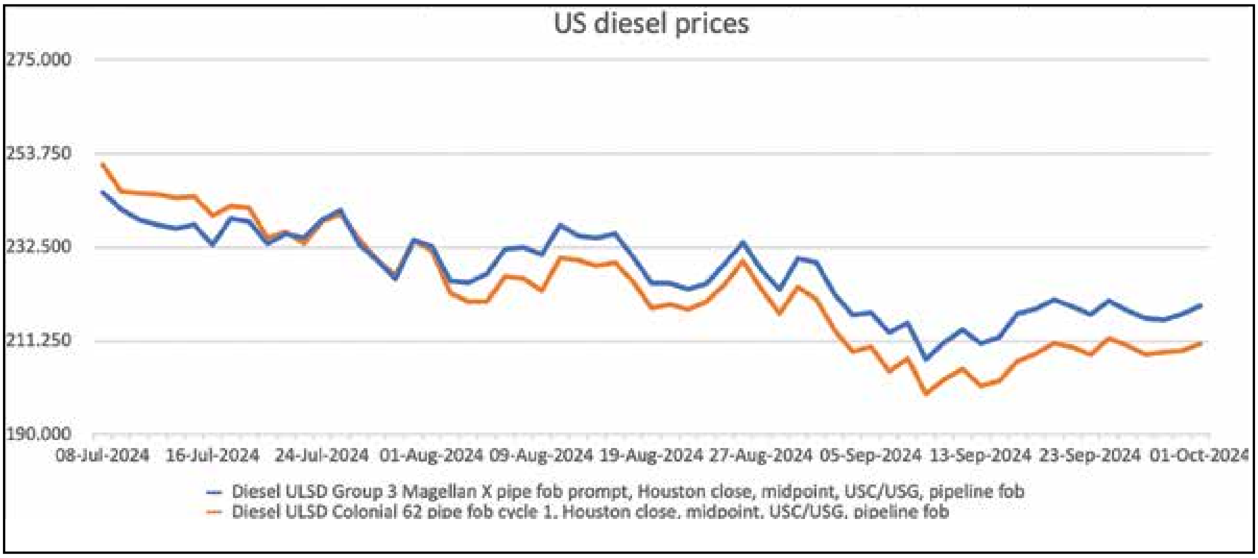
BY HUNTER FITE AND CARRIE CARTER, ARGUS MEDIA



Fueling up on diesel in the United States has been less expensive in recent months as refiners produced more diesel than consumers — both domestic and export — could consume.

But refinery turnarounds and a fast start to the U.S. fall harvest season are likely to draw from a surplus of stockpiles that has exceeded year-earlier levels since mid-March.

U.S. diesel inventories have held above 2023 volumes since the week ended 15 March as U.S. diesel products supplied — a measure of domestic consumption — has lagged year-earlier demand by 3pc during that stretch. Total U.S. ultra-low sulfur diesel (ULSD) inventories climbed by 3.8pc to 113.8mn bl during the week ended 20 September compared with the same week in 2023, according to the latest data from the U.S. Energy Information Administration (EIA). Average ULSD stocks in September at the U.S. Gulf Coast were up by 0.2pc at 36.2mn bl.

The supply excess has weighed on prices, with Gulf Coast Colonial Pipeline ULSD falling below $2/USG for the first time since August 2021 on 10 September.

But market conditions could change as agricultural activity — a driver of diesel demand — ramps up throughout the U.S. midcontinent.

The U.S. fall harvest, which usually peaks in October and November, is off to quickened pace, according to U.S. Department of Agriculture (USDA) data. Total U.S. corn harvested reached 14pc during the week ended 22 September, gaining 5 percentage points from the prior week and outpacing the five-year average by 3 percentage points.

Favorable weather has allowed much of this year's crop to mature more quickly, according to market participants. In Kansas, corn harvested increased by 15 percentage points to 41pc the week ended 22 September, up by 6 percentage points from the same week last year and climbing above the five-year average by 15 percentage points.

Pipeline movements of ULSD to the U.S. midcontinent from the Gulf Coast typically rise during the harvest season compared with summer volumes. In 2023, movements of ULSD rose by almost 15pc to 2.3mn b/d from August to September, while rising by another 16pc to 2.7mn b/d from September to October, EIA data show. The five-year average saw similar increases, as movements shifted up by 7.2pc August to September and up by 11pc from September to October.

Additionally, heavy fall refinery maintenance in the Chicago region is likely to draw increased shipments from the U.S. Gulf Coast. BP's 435,000 b/d Whiting, Indiana, refinery began a

[1] *http://direct.argusmedia.com/newsandanalysis/article/2610613*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turnaround on 11 September that it expects to last through at least mid-November. Meanwhile, Cenovus' 183,000 b/d Lima, Ohio, plant was planning to have begun a turnaround by the end of September. Those outages could draw heavily from the region's diesel supplies. Still, scheduled crude unit work appears less extensive than in previous years, which could suggest a limited supply shock to the markets.

Further south, U.S. Gulf Coast supplies are also heading overseas. Gulf Coast diesel exports averaged 1.1mn b/d the first 26 days of September, a four-month low but up by 22pc from a year earlier, according to the analytics firm Vortexa.

Price Movements Uncertain

U.S. ULSD price movements sometimes track higher during fall harvest. Average prices for ULSD in the southern U.S. midcontinent, also known as Group Three, rose by an average of 5pc, or 12.4¢/USG, from the summer season to harvest season during the past five years. Similarly, Chicago ULSD prices increased by 2pc, or 4.55¢/USG, to $2.36/USG across the prior five years from the summer to fall.

But in recent weeks, prices have been pressured lower as the Nymex ULSD futures contract has declined alongside rising national diesel stockpiles. The futures contract dropped to its lowest level since August 2021 at $2.06/USG on 10 September. Nymex prices during September have averaged $2.13/USG, down by 27.35¢/USG from an average price of $2.40/USG across July and August. ★

Inside

RISK MANAGEMENT

Safety Awareness for Slips, Trips, and Falls

BY: NATIONAL ACCOUNT EXECUTIVE PATRICK CUNNINGHAM, FEDERATED MUTUAL INSURANCE COMPANY

It only takes a moment, but a slip, trip, or fall at your business or at a worksite could have devastating and long-lasting consequences. Keeping your employees safe isn't just common sense; it's a solid risk management practice. Did you know:

- Falls from slipping and tripping are the second-most common cause of workplace injuries.[1]
- 20-30% of workplace falls lead to injuries like deep bruising, broken bones, or concussions.[1]
- 15% of all workplace deaths are the result of slips, trips, and falls.[1]

Conduct a Job Hazard Analysis

Fuel marketers face many challenges in their day-to-day jobs. Certain work may require a job hazard analysis to determine potential risks before they occur. This includes a safety evaluation of the employees who will be completing certain tasks, the tasks themselves, tools involved, and the work environment. This can help to develop standard operating procedures moving forward.

Take Action

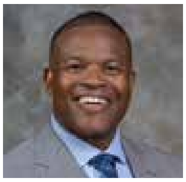
Safe work practices, including the ones listed above, can include but are not limited to:

- Using a checklist to evaluate safety at each job site
- Providing adequate work-rest periods so employees stay alert and refreshed
- Having cleaning supplies on hand and cleaning spills immediately
- Maintaining well-lit facilities
- Following building codes
- Hanging up warning signs as needed
- Using correct tools, ladders, and protective gear for designated jobs
- Keeping walkways, entrances, and exits free of obstructions ▶

[1] *Slips, Trips, and Falls: Preventing Workplace Trip Hazards. https://www.osha.com/blog/slips-trips-falls-prevention Accessed 8/30/24.*

- Installing non-skid surfaces
- Encouraging employees to keep work areas clean

By fostering a culture of safety and awareness around slip, trip, and fall hazards, you can play an important role in minimizing risks and ensuring a safer work environment for everyone. Reach out to your Federated® marketing representative to learn more. ★



Patrick Cunningham
National Account Executive
Association Risk Management Services
Federated Insurance®

Patrick Cunningham is a National Account Executive in the Association Risk Management Services department of Federated Insurance. Patrick is responsible for managing Federated's national association and buying group partners.

Since 1998, Pat has spent his entire career working in the marketing areas of Federated Insurance where he was a successful Marketing Representative, Account Executive-ARMS, District Marketing Manager, and Senior Marketing Representative. Pat earned the trust of hundreds of business owners in the areas of safety, risk, and business management by focusing on value, service, and relationships. Pat was awarded membership into Federated's Chairman's Council, Big Hitter Club, Monthly Leadership Council, and Life and Disability Income Contest winner. He also participated in various company Focus Meetings and workshops, "Street-Talk" seminars, Risk Management Academy seminars, and pilot programs.

A native of Kansas City, MO and an alum of the University of Central Missouri with a bachelor's in business management, Patrick and his wife are the proud parents of three daughters and two grandchildren.

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Inside
CONVENTIONS

Join SIGMA in Vail for the 2025 Winter Legislative Conference!

Kick off the new year with SIGMA's 2026 Winter Legislative Conference (formerly ELC), February 2-5 in Vail, Colorado! Morning education leaves the afternoons free for networking and exploring all Vail Village has to offer – both on and off the slopes. Evening networking receptions create an intimate atmosphere for catching up with friends old and new and sharing best practices with industry peers. This is a meeting you won't want to miss.

One of the highlights of the SIGMA Winter Conference is its workshop style education – allowing a deeper dive into issues facing our industry today, and Vail is no exception. The 2025 deep dive topic is renewable fuels.

Think you know what's going on with renewable fuels? You're probably like a lot of people – you say you know, but in reality, it's a lot of information. And – it affects your business. Wouldn't it be great to have someone with extensive knowledge of renewable fuels, credits, and how they work break it down and explain it in words you can understand?

SIGMA's "Renewable University" will provide you with invaluable information on renewables that is relevant regardless of what part of the country you are in. No longer will you need to hang your head or leave the room or make excuses when the discussion turns to renewables. This workshop will give you takeaways you can put to immediate use at home.

Visit the SIGMA website for more information on our 2025 Winter Legislative Conference – and mark your calendars for the SIGMA 2025 Spring Conference in Scottsdale and the 2025 Annual Conference in Nashville. Get those dates on your books now to avoid future conflicts!

See you in Vail! ★

S·W·A·N

SIGMA Women Ambassadors Network

SIGMA is excited to introduce a new and exciting program recognizing women's excellence in contributing to the success of their individual companies, as well as to the overall fuel/energy industry, the SIGMA Women Ambassadors Network (SWAN). The SWAN 2024 Inaugural Members are women who have made a positive impact on their companies, mentored and inspired others striving for success, given selflessly of their time to serve as role models to their colleagues and within their communities. As SWAN Inaugural Members, SIGMA recognizes them as women who have attended a significant number of SIGMA events representing themselves and their companies with the values and professionalism SIGMA strives to reflect and maintain within our association. SIGMA looks to them as leaders and contributors to the future success of women who choose a profession within the fuel, energy, and retail businesses which their companies represent.

SWAN Inaugural Members

Amy Chronister, Chronister Oil Company

As President of Chronister Oil Company, Amy brings a lifetime of involvement in the convenience store and fuels industry. Her time with her mother and father, even as a small child, learning the intricacies of the business, inspired her passion and understanding for a customer centric vision, fueling her interests in Operations and Marketing. Amy left the business for a decade to focus on her family, particularly her young children, but returned to Chronister in July of 2019. Amy is fun loving, quick with a smile, and has never met a stranger. Her demeanor brings to life a leadership style that inspires team members by feeling connected and available. Her effective and influential leadership style motivates, teaches, and guides. Her past roles in Operations and Marketing educated her, but her time learning from her father is her most memorable and cherished.

Tami Diehm, Winthrop & Weinstine, P.A.

As Winthrop's first female president and President of the Board of Directors, Tami strives to help each team member unlock his or her potential. In addition to her leadership and oversight of all aspects of firm management and operations, Tami remains a practicing attorney and has more than 20 years of experience representing clients in complex real estate and development matters both locally and nationally. She also co-lead's the firm's downstream energy practice, where she represents numerous gas and convenience store owners and fuel distributors on matters related to supply contracts, zoning, environmental compliance, financing and employment issues, and she currently serves as one of SIGMA's general counsel attorneys.

Erin Graziosi, Robinson Oil Company

Erin Graziosi has over 20 years of experience in the retail fueling industry with Rotten Robbie / Robinson Oil, a family-owned company, now in its 4th generation, where she currently serves as President. A strong believer in getting involved, she has also held leadership roles in industry organizations. This includes serving on the board and then as President of the California Fuels and Convenience Alliance (CFCA) and as a board member of the Society of Independent Gasoline Marketers of America (SIGMA), where she is currently the 2nd Vice President.

Bernita McCann Hightower, Next Generation Fuel

Bernita McCann Hightower is the President & CEO of Next Generation Fuel, which is a wholesale distributor of petroleum-refined products and alternative fuels throughout the United States and South Africa. As President & CEO, she has secured international partnerships with Fortune 100/500 corporations. Bernita is passionate about fueling energy for the next generation of women and creating opportunities to develop their skills in the industry. She continues to drive the vision necessary to successfully impact our leaders of tomorrow by sharpening their social skills and inspiring innovation through business development.

Danielle Holloway, Altria Group Distribution Company

A veteran in the Convenience Store Industry, with 25 years at Altria, Danielle leads the Industry Engagement Department to align trade partners across business and advocacy challenges. Outside of her work at Altria, Danielle is actively involved in serving on various boards and committees, including the Supplier Board of Directors at NACS and the TruAge board. She is also a member of multiple industry advisory councils and is passionate about promoting inclusion, diversity, and equity across the industry.

Karen Madden, VP Racing Fuels

A 33-year veteran in the Oil Industry, Karen has an extensive background in wholesale fuels and retail management, technology, operations, and compliance. Today she is responsible for the production and distribution of all VP Racing's industry-leading products across the globe. Madden's experience spans various roles at VP over the last 5 years, more than 16 years at DTN where she was the Senior Vice President for DTN's Energy business and prior to that a 10-year tenure at Exxon in both fuels and lubricants. She holds both a Bachelor of Science in Electrical Engineering from North Carolina State University, and Master of Business Administration degree from the Haas School of Business at the University of California Berkeley.

Ann Pitts, The Pitts Group

An experienced professional with deep roots in the petroleum industry since 2002, Ann has led The Pitts Group with a sharp focus on assisting marketers to improve and protect cash flow associated with the accounts receivable asset class. A former banker working as an M&A advisor, Ann founded her own consulting practice, The Pitts Group, with the goal of working tactically with petroleum marketers to speed up the cash conversion cycle by sharpening credit strategies and collection processes. Over the years, Ann has been an invited speaker at supplier events and state association tradeshows. In addition to speaking, Ann serves the industry as a meeting facilitator for the SIGMA Share Groups and Study Groups.

April Ports, Ports Petroleum Company Inc.

With over 13 years in the industry, April Ports has worked her way from entry level sales to Vice President of Sales and Supply at Ports Petroleum Company Inc. She currently oversees sales, trading, government contracts, and supply. She prides herself on investing in her teams, challenging them to push their limits while doing so with integrity and respect. April currently serves as Co-Chair of SIGMA's Fuel Foundation and a board member of The Adam Charles Ports Foundation and Ports Petroleum.

Eva Rigamonti, Pilot

Eva joined Pilot in Fall 2024. In her role, she oversees Pilot's political engagement at all levels and branches of government and leads Pilot's federal and state legislative and regulatory strategy. Prior to joining Pilot, Eva worked at RaceTrac, Inc. (Atlanta, GA) and was an associate at Steptoe & Johnson LLP in Washington, D.C. where she represented many clients, including the National Association of Convenience Stores and SIGMA. She also spent a year researching juvenile justice as a 2012 Fulbright Fellow in Italy. Before doing the law thing, Eva was a 6th and 7th grade special education teacher in the South Bronx, New York and spent a year studying theology in Israel. She is a graduate of Yale Law School and Cornell University.

Alison Schmidt, U.S. Energy

Alison Schmidt is a seasoned professional with 18 years of experience at U.S. Energy, a U.S. Venture company, where she has excelled in roles encompassing both supply and marketing, and most recently, terminal business development. Her expertise in driving growth and optimizing terminal assets has made her an indispensable asset to the company. In addition to her role at U.S. Energy, Alison serves on the boards of both SIGMA and the Texas Food & Fuel Association. Her involvement in these organizations underscores her commitment to the industry and her dedication to fostering growth and innovation within it.

Kay Segal, Business Accelerator Team

Years of experience earned through operations, marketing and strategic positions held in the c-store, foodservice and b2b media industries allow Kay Segal to provide both industry understanding and business solutions. In addition to working with retailers and suppliers, Kay assists associations with strategic partnerships, planning and education programming. Kay has been active with SIGMA for over 10 years. Currently, Kay moderates SIGMA's Retail Marketing & Foodservice Share Group. Prior to her work in b2b media, Kay worked with the Circle K Company (now owned by Alimentation Couche-Tard) in Phoenix, Arizona, 7-Eleven, the Clark County Health District, Sky Chefs and within traditional foodservice and retail. In addition, she designed and built an independent convenience and foodservice operation with a small partnership group. Kay is a graduate of UMass Amherst and holds post graduate certifications in leadership, food safety and category management.

S·W·A·N

SIGMA Golden SWAN Awards

At the 2024 SIGMA Annual Conference in Boston, SIGMA was pleased to recognize 10 outstanding women who were nominated for the first Golden SWAN Awards in selected categories by their peers.

Thank you to our 2024 Golden SWAN Award Luncheon Sponsors

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Golden SWAN Award Categories and Award Recipients

Legend – Recognized for having a significant impact on the success of their company as well as the Fuel/ Energy Industry as a whole with at least 20 years in the industry. Must have attended 5 SIGMA events in the preceding 10 years.

Golden SWAN Legend Award

Shalee Stockstill, DTN

Shalee Stockstill is a distinguished professional in the fuel and energy industry with over 25 years of experience. She began her career at Williams Company as a regional trader, quickly rising to the position of manager. For the past 22 years, Shalee has been with DTN, serving as the National Sales Director. Her tenure at DTN is marked by exceptional leadership, deep industry knowledge, and the development of strong customer relationships. Shalee is known for her willingness to go above and beyond, often assisting customers after hours and contributing significantly to the company's success.

Beyond her professional role, Shalee is a dedicated mentor and volunteer within the industry. She actively participates in SIGMA Share Groups and is a trusted confidant in the field. Her strategic vision and commitment to excellence have earned her widespread respect and recognition.

Executive Leaders – Executives at the c-suite level, Vice President, or Director who have transformed their business while making a positive and extraordinary impact on the careers of their colleagues. Must have attended 2 SIGMA events in the preceding 3 years.

Golden SWAN Executive Leader Award

Sherry Thomas, Pilot

Sherry Thomas is the vice president of wholesale for Pilot, the largest network of travel centers and the third-largest tanker fleet operator in North America, which supplies approximately 12 billion gallons of fuel per year. She manages more than 100 team members, overseeing U.S. wholesale sales of more than 3 billion gallons of gas and diesel annually, and has oversight of branded and unbranded wholesale at SC Fuels. Thomas has over 30 years of experience in the oil industry in various supply, distribution and marketing positions. She grew in expanding roles and joined SC Fuels, where she served as president of branded and unbranded wholesale during the time that Pilot acquired the company, also serving in concurrent wholesale marketing roles at Pilot.

Golden SWAN Executive Leader Award

Katie Hollowell, Boyett Petroleum

Katie Hollowell has been the Chief Legal Officer and Assistant Secretary at Boyett Petroleum since 2007, where she oversees all legal matters, including acquisitions, transactions, litigation and compliance, and has played a key role in leading the company's expansion efforts, both organically and through acquisitions, that now extends to a footprint comprised of a majority of the United States with a newly established mid-continent headquarters in Oklahoma City. In 2008, Katie became involved with SIGMA, helping establish the Marketer Legal Counsel Group. She also serves on the Board of Directors and Executive Committee for the California Fuels + Convenience Alliance. Through her involvement in both SIGMA and CFCA, she actively advocates for the motor fuel industry through participation in federal and state campaign and lobbying efforts. Katie is a graduate from John Carroll University with a B.A. in Economics and Minor in Business and received her Juris Doctorate from Cleveland State University.

Golden SWAN Executive Leader Award

Laura Hughey, Global Partners

Laura Hughey is an accomplished Business Development Professional with over two decades of expertise in the downstream and midstream energy sectors. Known in the industry for her ability to cultivate lasting relationships and optimize the profitability, performance, and productivity of assets, Laura has consistently delivered results in high-pressure environments. A defining aspect of Laura's career has been her innovative approach, coupled with a deep commitment to integrity and treating everyone with respect. These values have been instrumental in her journey to leadership and her continued success in the energy industry. Laura's professional experience includes leadership roles at Motiva, Shell, Buckeye Partners, Zenith Energy, and Musket. Most recently, she joined Global Partners as Vice President of Commercial.

Up-and-Comer – Managers and Account Representatives to below Director with the strong desire to advance their fuel and energy careers. Represent their companies in a manner suitable to current, professional industry standards. Must have attended 2 SIGMA events in the preceding 3 years or be registered for their second event.

Nicki Booth, Mansfield Energy

Nikki Booth has been a key figure in supply chain management for over 20 years, specializing in strategic vendor partnerships within the energy sector. Since joining Mansfield in 2007, she has led logistics strategies across the business, overseeing $70 million in freight procurement annually while delivering over 1 billion gallons through FTL logistics. A proud "Double Dawg," Nikki holds both an Executive MBA and a Bachelor of Science degree in Statistics from the University of Georgia. She is also a certified Green Belt in Lean Six Sigma, demonstrating her commitment to operational excellence. In her role, Nikki leverages her expertise in logistics, supply chain management, and energy to create efficiencies, mentor teams, and drive positive outcomes for organizations and communities alike. With a passion for leadership and continuous improvement, she thrives on opportunities that challenge her to grow and become a more well-rounded leader.

Jessica Jobin, PDI Technologies

Jess Jobin began her career in the industry in 2013 at Firestream Worldwide as their office manager and quickly expanded into various additional functions. With Firestream's acquisition by PDI Technologies in 2017, Jess focused on enhancing the company's Tradeshows and Memberships presence as well as supporting PDI's annual user conference, Connections Live. Following the disruption of in-person events due to COVID-19, Jess shifted her career towards Sales using her experience to help market professionals grow their Enterprise Ecosystem with PDI's innovative solutions, driving the change needed to grow in tomorrow's industry.

Caitlyn Bordas, DTN

Caitlyn Bordas is a fuel industry leader, with expertise in pricing, marketing, operations, and sales. She began her career at Gulf Oil under the mentorship of Walter Brickowski, who later brought her to Metroplex to help launch its unbranded fuels division. Now serving as an Enterprise Sales Manager at DTN, Caitlyn manages 20 of the company's largest accounts, providing clients with innovative insights and digital solutions to navigate market complexities. Recognized for her customer-centric approach and industry knowledge, Caitlyn is widely trusted advisor and leader in the energy sector.

Marketing & Advertising Professional – Marketing & Advertising professional who has worked behind the scenes with SIGMA staff to ensure sponsorship or membership runs smoothly. No requirement to have attended a SIGMA event.

Vicki Thorne, PDI Technologies

Vicki Thorne joined PDI Technologies in 2017 to support c-level leadership at the company's global headquarters in Metro Atlanta. She transitioned to the Marketing team in 2021, where she now activates the PDI brand experience to drive in-person customer and partner engagement at key industry events of all sizes. This includes Connections Live, the annual event presented by PDI Technologies to connect global leaders and innovators in the convenience and retail industries for in-person training, expansive networking, and educational opportunities. Originally from South Carolina, Vicki graduated from Clemson University with a BS in Management. Before joining PDI, she worked for more than 25 years in sales and convention services throughout the Atlanta hospitality community.

Celestial Dykas, Lockton Insurance Brokers

Celestial Dykas is an Associate Vice President at Lockton Insurance Brokers, bringing eight years of experience in client development and project management. With a diverse career path, Celestial has worked not only as a licensed Locomotive Conductor & Engineer but has spent more than a decade as an Executive Assistant to Wall Street's elite. Her passion for digital marketing shines through her charitable work with Women With Willpower, empowering women to achieve their life goals.

Shannon Fokken, DTN

Shannon Fokken brings over 20 years of experience in crafting data-driven strategies and impactful marketing campaigns. She began her career at Thomson Reuters, where she held various roles before joining DTN seven years ago. At DTN, Shannon led the energy marketing team, spearheading programs that leveraged strategic partnerships to forge deeper connections with customers. Currently, she serves as Senior Director of Global Demand Generation, where she continues to drive growth and engagement on a global scale.


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Inside FAMILY BUSINESS

PRESENTED BY RONALD C. REECE, PH.D.

The Great Transition to Team Management

Here is a reminder from 2019. A good number of the businesses I work with have grown past many of the matters in this article, but 2-3 are currently in the middle of them. Simutaneously, they are trying to make a generational transition. Those of you beyond this stage can reflect and hopefully smile.

Much like people, businesses experience various transitions or developmental stages during their lives. One of the most important transition points occurs when companies outgrow their one-person, founder owner management styles. Such transition comes about because of gradual change—usually growth. As a result, it can be remarkably easy not to see it coming until you are in the middle of it.

The day-to-day demands and strains fostered by growth tend to obscure the longer view, including the need to convert from a one-person show to a team management style. Recognizing that the business has reached this point is not easy and no single event heralds the time for change and no individual helpful sign appears. The indicator tends to be a particular type of chaos, accompanied by one or more of the following characteristics:

- Employees and/or clients have to wait too long for decisions, even on minor matters.
- Decisions are made too quickly, without allowing adequate time to gather and analyze information.
- There is a lack of follow-through, and details frequently slip through the cracks.
- Customer's questions go unanswered. Employee's suggestions aren't acted upon and many good intentions never get past the talking stages.
- Long-term planning is minimal.
- Short-term planning takes on aspects of crisis management.
- Overall, the company lacks a feeling of direction or momentum.

All companies suffer from some of these symptoms from time to time. But when they become part of the normal way of doing business and aren't just a matter of 'having an off day," change is needed. That is the hard part.

The One-person Show

The most obvious drawback of a one-person (owner centric) management style is surprisingly easy to overlook—the company is limited to the experience, knowledge, and skills of one person.

In addition, a heavy dependence on one person to make all decisions is unhealthy. Only one point of view is involved in weighing choices. Other perspectives and expertise aren't considered for various reasons, including lack of time, opportunity, interest, and of course control. ▶

With owner centric management, that person is usually heavily involved in day-to-day operations of the business. Micro-management becomes the management style. Although a strong case can be made for owner managers staying in touch with the everyday activities, there's a big difference between being knowledgeable about business operations and spending inordinate amounts of time in the trenches.

It's good to pitch in when there's a problem. It's good to have that first-hand knowledge of everyone's duties and activities. But when a business reaches a certain size, day-to-day details are no longer the primary job of the owner- manager. The owner-manager should be spending much more time on financial management, people development, and mission with longer range planning; think highest and best use.

The "Happy Family' Style of Management

Small companies tend to have relatively stable core groups of employees, and these workers are often encouraged to feel that they are part of a "family." Small businesses do tend to have a different culture and atmosphere than larger companies. Employees are less isolated since they work closely together. Job descriptions and territories tend to be less rigid, and employees can have multiple responsibilities that might be assigned to several people in a larger business. At least in theory, there is more collegiality among employees. However, the "family" structure in a business can be very patriarchal or matriarchal, with authority and decision-making centered on one person. And, just as families can become stifling if parents are reluctant to give children any autonomy or responsibility, the family atmosphere can become suffocating.

Taking a Big Step

One of the most significant steps to take toward team management is to decentralize decisionmaking as much as possible and create another level of responsibility. In larger companies this level is referred to as middle management. In smaller companies, it might mean investing more authority in crew leaders, superintendents, salesman etc.

Of course, stepping back and letting others make decisions doesn't come naturally to most business owners who have been running their own shows for years. They fear that relinquishing their authority is the first step on the road to "management bloat" or worse, NOT KNOWING everything that is going on. Increasing the management component won't create management bloat if the managers are productive. But what constitutes productive use of management? The same elements that facilitate a transition from a one-man show to team management work here. These include:

1. **Managers should have well-defined authority and responsibility.** If not, all that's happened is that management has become a group of helpers. This helper syndrome can be demoralizing and detrimental to everyone,

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especially the helpers. With these supposed managers essentially at someone else's beck and call, turnover is usually high. Furthermore, their lack of any real authority soon clogs the company's operations. Little has changed. One person is still making decisions, but bureaucracy has increased.

2. **As much authority as possible should be delegated to managers and employees at different levels in the company hierarchy.** Not only does this change the pattern of all information being "owned" by the person in charge, but employees often pick up valuable information and can contribute worthwhile suggestions.

3. **The authority to make decisions that affect clients/customers should rest as closely as possible with those who actually deal with them.** If the business has grown, then it is likely too large for the owner to be involved with most of the clients/customers. Sharing of management responsibilities and decisionmaking is absolutely essential.

4. **Decision-making authority must be real and significant.** In a company with a large budget, a manager who has decision-making authority on matters involving $1,000 or less doesn't have any authority at all. The tendency to keep a tight grip on the purse strings is common among company owners, and it's probably the biggest stumbling block in the transition to team management. Many owners can get somewhat comfortable with decentralized decision-making, as long as the decisions don't involve money. But that eliminates about 95 percent of decisions!

Making the Commitment

The transition from a one-person show to team management doesn't happen overnight. It requires patience and perseverance because changing the way people think, and their work habits takes time. Finding, recruiting, and on-boarding qualified managers can be a time-consuming and lengthy process. Employees may need retraining or additional education to enable them to make certain decisions. It will be painful. There will be mistakes. When they occur, there is a choice to punish or teach. Punishment is easy.

And of course, there's still a business to run while all this is taking place. But the results are worth the effort. When you expand the range of management time and skill in the company, you multiply the business' potential, as well as the potential of everyone involved.

I often ask these questions: How effective is the current organizational structure or what could be done to make it more effective? Organization structure must change as the business grows. The structure represents the skeleton that should operate to hold things together. From the owner level to the day-to-day decisions, the structure defines the authority or power, roles and responsibilities. In doing so, structure also permits us to define and establish accountability. Another important aspect of structure is communication – what is to be communicated, to whom should it be communicated, when to do so and who is to do it. This is about chain of command.

Chain of command means just that. The team management can't work like it needs to if the owner(s) don't behave in concert with the structure. I see too many incidents of what I have come to call P2 – Perpetual Prerogative; Just because I am who I am I can touch anything or everything whenever I want to. But that is bad business for sure.

Creating and growing a business is about doing, taking charge, making decisions, and being in the know. It's an amazing thing but then creating an organization to sustain and grow that business is another story. It requires a different skill set which comes with team management.

If you are already there, congratulations!! If you are not, stay the course!!

Soon,
Ron

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FOR THE GREATER GOOD

BY MAURA KELLER

Most of us are no strangers to the concept of "doing good." We are often solicited by groups to help combat various diseases, construct new buildings, or save the rainforest. Business volunteerism or philanthropy, often referred to as corporate social responsibility (CSR), can take many forms and it can be a triple win. Everyone involved – the gasoline marketing company that provides the employee volunteers, the wider community, and the employees themselves – has something to gain. Such efforts offer a low-cost, low-risk, high-impact way of making the knowledge, skills, and experiences of the business sector accessible to the non-profit sector while building understanding, employee skill, and community goodwill.

So what does the CSR environment look like these days and how can gasoline marketers jump on this proverbial "do good" bandwagon? As a social value and corporate social responsibility expert, Rachel Doherty, founder and director of Inspired Business Consultancy, works with a diverse group of clients, including in the oil and gas sector.

"The concept of 'corporate social responsibility' has been around since the late 1800s, though it is thought the term was first used by American economist Howard Bowen as a way to describe the responsibility of businesses to act in accordance with society's values and needs," says Doherty. "For many years, it has been considered a 'nice to have' philanthropic effort, and often done sporadically without a methodical approach."

Indeed, for a long time CSR initiatives have felt more about checking a box. Now, it's exciting to see companies work with the local communities to find out what the biggest needs are – and how their company can help make an impact.

In fact, in the last few years CSR has become strategically important for gasoline marketing businesses of all sizes, particularly as environmental, social, and, governance (ESG) has risen to prominence (and often with it the global reporting initiative and sustainable development goals of the company).

"Even where there is not a specific regulation or guidance, as the pressure to deliver tangible and impactful social value and CSR initiatives increases on larger corporates, we are seeing more of these obligations making their way through supply chains," Doherty says. "Today, we are also seeing more companies using their CSR and social value efforts to differentiate their brand and attract and retain talent, with multiple studies showing employees prefer to work for businesses that regularly give back to their local communities."

Josh Prigge, a renowned sustainability consultant with extensive experience in corporate social responsibility, is the founder of North Star Carbon Management and Sustridge, specializing in helping businesses integrate CSR into their core strategies, enhancing both environmental stewardship and corporate governance.

Prigge says that in the last few years, there's been more legislation, regulations that have come out that are actually making it a law in some places to report on certain Environmental, Social, Governance (ESG) issues.

For example, the State of California introduced climate legislation requiring greenhouse gas emissions and climate risk reporting that will be going into effect in the next year or two.

"So, we're seeing a shift from voluntary to mandatory sustainability and social responsibility reporting," Prigge says. "It's also evolved with greenhouse gas emissions accounting and tracking and management moving more into scope three emissions, which is value chain- upstream supply chain, downstream value chain, tracking, reporting, digging into company supply chains to understand what the impacts are upstream, engage with those suppliers, get greenhouse gas data from them, and request that they set net zero targets."

Focus Areas of CSR

With the rise of ESG, Doherty says it can be useful to view CSR efforts through this lens. As such, more companies are focusing on three key pillars:

• **Environmental sustainability initiatives** such as measuring and reducing their carbon footprint, investing in renewable energy, supporting a circular economy, and improving energy efficiency, for example.

• **Social responsibility initiatives** that focus on supporting positive impacts in local communities based on need, for example providing targeted funding support to charities and social enterprises, promoting diversity and inclusion, enabling skills development and employment opportunities, and initiatives to support physical and mental health.

• **Governance initiatives** to promote transparency in – at minimum complying with ethical business standards and promoting good governance in leadership, management, and operations.

"Companies are moving into value chain, supply chain tracking to manage greenhouse gas emissions across companies, not just operations, but upstream and downstream," Prigge says. "DEI (diversity, equity, and inclusion) definitely has become a big focus in the 'social' area of corporate social responsibility."

He adds that data quality, data accuracy, and auditability of a company's CSR and ESG initiatives are all becoming more important, especially with these regulations coming out in Europe and in California.

"The importance of accurate data that is auditable and transparent is becoming more important. So, I think many ▶

companies are starting to focus their efforts on better data collection using software platforms. We see a lot of companies focusing on better quality data moving to get third-party audits, and third-party verification of their data as a kind of data quality that is starting to match the financial data quality that investors seek," Prigge says. "They're also starting to seek this on environmental or sustainability data."

Obviously, due to the nature of the petroleum and gasoline sector, there is a significant push towards renewable energy sources, innovative approaches to energy from waste, and decarbonization.

"Secondary to this would be fuel efficiency initiatives, including communication campaigns to end users to support more efficient use of resources, and environmental stewardship with the primary aim of reducing emissions and if that is not possible, or has been exhausted, offsetting emissions with due diligence undertaken to ensure any offsetting measures taken are legitimate," Doherty says. "Beyond the key focus on decarbonization and fuel efficiency, local community and grassroots initiatives are popular, such as supporting organizations involved in helping to fight fuel poverty."

Prigge says gasoline companies are going through a materiality assessment to understand what are the material sustainability issues facing this business in this industry. "Climate change and greenhouse gas emissions are key material topics. Emissions would likely be a major focus," he says. "At the same time, I would assume that maybe they want to not draw attention to the environmental impacts and probably focus more on the social impacts of sustainability. So I would imagine they're talking about volunteerism and philanthropy and donations, community engagement, community impacts, diversity, equity and inclusion, and those types of things."

As it relates to CSR initiatives, Doherty is seeing various common mistakes being made by companies, the most frequent being not having a methodical and strategic approach to CSR and social value, which means initiatives are inconsistent at best.

"There is also a lack of due diligence in measuring, monitoring, and reporting on actual impact as a result of CSR undertaken, including outputs and outcomes," Doherty says. "It's very common for companies to not have a CSR budget, or to appropriately plan for annual CSR requirements, especially in relation to contractual obligations and tender commitments. As a result, contract margins can be severely impacted, and in some cases contract clauses will include costly fines for failing to deliver agreed social value commitments."

Prigge also sees some companies not understanding, addressing and reporting on the most material issues within the realm of CSR. They simply do not go through a formal materiality assessment to understand the key environmental, social, and governance issues facing their business in the industry and ensure that they're tracking metrics against those issues and setting goals and targets around those issues.

"Communicating your progress on those issues every year through sustainability reporting is another mistake," Prigge says. Also some companies are just talking about the good things that they're doing like sustainability reports, and leaving out information where they fell short on a goal or a target or they chose not to report on a certain material topic because they didn't have great performance.

"I think not being 100% transparent, leaving out areas where they fell short or avoided reporting on certain material topics can undermine transparency," Prigge says. "Transparency is foundational to a strong sustainability program, and companies should fully disclose their progress, goals, and targets." ►


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Steps To Take

There are some simple steps that can be taken on the part of gasoline marketers, such as reviewing your requirements and obligations to determine a baseline of CSR commitments, and aligning the initiatives you intend to undertake with your company's overall strategy.

Doherty says that by identifying needs in your local area, you can align your CSR with priority issues, and ensure your efforts are being measured in terms of tangible impact. "How many people are participating in your CSR initiatives? What difference is their participation making to their lives? By implementing a sustainability initiative, how much of a CO2 saving have you made? More complex and integrated CSR strategies can include stakeholder engagement, formalization of a CSR budget, and a CSR communications plan," Doherty says.

It's also important to focus on what a company can do good from a social component. Again, this involves volunteerism, employee development, employee recruitment, retention, employee engagement, workforce health and safety, philanthropy, and other community impacts being made.

Companies increasingly are offering employees the opportunity to participate in philanthropy while enveloped in a structured meeting or event – and believe they'll attract the best people by doing so. It gives everyone a chance to make a difference as not everyone can afford to donate to charities each year, so this helps them be a part of the greater good. These CSR programs continue to grow and be embraced by employees because they provide a unique team-building experience while also inspiring pride in the organization and fostering a company's culture of integrity and service.

"A big focus is on social and what can we do to make the communities we operate in better, including economic impacts we can make in our communities, the health and well-being of our employees, the safety of our employees, and those types of things," Prigge says.

So are CSR programs here to stay? Indeed, they are, say the experts. Looking ahead CSR and social value initiatives are certainly not going anywhere. If anything, we are only likely to see guidance and eventually requirements increasing over time. This will be driven by legislation and regulation, as well as procurement practices and supply chains, but increasingly socially conscious customers and consumers will be a key driving force also.

"As CSR and social value becomes the norm, rather than the exception, businesses at the forefront will continue to innovate and seek collaborative and inventive approaches to protecting the environment, engaging in sustainable business practices, and supporting local communities, which will continue to drive others in playing 'catch up,'" Doherty says.

The gasoline industry has seen the growth and sustainability in CSR over the past decade grow exponentially. Most of this growth has been driven by investors and asset managers. "Investors are understanding that not managing sustainability can be a risk, and companies that do actively manage sustainability tend to outperform competitors who don't," Prigge says. "They understand that it drives business value in many different ways. So that's really what's been behind the growth in CSR and sustainability over the past several years. But now, in addition to that, we're seeing regulations."

As mentioned, the European CSRD, SEC climate regulations, and California's climate legislation are examples of the growing regulatory landscape. Prigge expects that we will likely see more regulations in the near future.

"The general public's awareness of sustainability is growing. We have young people entering the workforce who want to work for companies that share their values and their beliefs," Prigge says. "So they're looking for companies to do more than just maximize profits. Companies are understanding to be able to recruit, retain, and engage employees that these are important for customers and public perception. Sustainability is really becoming mainstream. This is true for large corporations and smaller companies that are part of larger supply chains. Big corporations are now asking their suppliers about their sustainability efforts, so the focus is also trickling down to smaller businesses. I see CSR continuing to grow and become an even bigger focus for companies of all sizes." ★

Artificial Intelligence in Convenience Retailing: Two Intriguing Technologies That May Increase Operational Efficiency and Profitability

BY ANDREW A. LOPRESTI, CFA, CPA, DIRECTOR
DOWNSTREAM ENERGY & CONVENIENCE RETAIL INVESTMENT BANKING GROUP
MATRIX CAPITAL MARKETS GROUP, INC.

Artificial Intelligence ("AI") is emerging as the most transformative technology of our time and appears to have meaningful applications in nearly every industry - convenience retailing is no exception. However, not every new technology will prove to be worth its return on investment, so it's important that retailers cut through the hype and evaluate which platforms offer meaningful solutions and which are more aspirational.

In this article, we highlight two AI service providers, PriceEasy™ and InStore.ai, that are more interesting and advertise cutting-edge solutions through employing AI. Please note that we are not endorsing either service, but rather we believe it is important to stay current on certain technologies that could be reshaping the industry and for retailers to understand what other technologies competitors may be leveraging.

PriceEasy™

Fuel pricing optimization software has evolved considerably with the help of AI. PriceEasy, which was founded in 2016, partners with large data collection companies that have access to billions of data sets from thousands of sources to provide better insight into customer behavior and competitive dynamics at a site level. Cell phone pings from apps that track user locations provide near real-time location data that is spatially accurate within a foot and can decipher between vehicle or foot traffic. Credit card data, property records, vehicle registrations, point of sale data, and extensive demographic data (e.g. population density, income levels, education levels, etc.) are all incorporated simultaneously to help present a comprehensive picture of a retailer's customer base.

Most marketers feel that they can easily identify their direct competition, mobility data can show how often your customers visit other stores and allow you to tailor your fuel pricing strategy based on facts rather than intuition. Not every customer opts into mobile app tracking and while capture rates are improving, PriceEasy estimates that it captures approximately 20% of actual traffic. In general, capture rates tend to be higher in urban areas due to more data sources, however, newer technologies, additional apps, and improved algorithms are constantly working to enhance data capture on a larger scale.

Customer mobility data can become even more powerful when retail pricing is overlayed to allow a user to see how customers respond to local price changes. PriceEasy distinguishes itself from other competitors by scraping real-time fuel pricing data from two data sets: 1) the apps and websites of major retailers and 2) transactional data through partnerships with leading Point of Sale (POS) providers including Verifone, NCR, Gilbarco, and Comdata. Both data sets are inherently more accurate than those from crowdsourced apps like Gas Buddy, and the PriceEasy app ranks confidence in the information based on the timeliness of updates. The correlation between historical pricing and customer movement can reveal the elasticity of customer demand in specific markets and serves as a valuable input in determining an optimal fuel pricing strategy. Marketers can then refine a strategy further by weighting goals of maximizing profit or market share to make data-driven, profitable pricing decisions or simply set up a rule-based strategy (e.g. 2.0cpg above the market average, 5.0cpg below competitor X, etc.) that will adjust prices instantly across their network as market dynamics change. AI can also analyze historical competitor prices to provide a better understanding of competing strategies and forecast when and how competition is likely to move prices (who follows whom). While an automated rule-based system provides more discipline to a specific pricing strategy, PriceEasy also allows users to create more dynamic pricing strategies that adjust prices based on the time of day or the day of the week and override rules whenever they deem necessary.

PriceEasy advertises that its optimization software will provide a 3-8% lift in overall profitability, but it is difficult to quantify a specific return from changes in fuel pricing strategies; however, at its most basic level, an automated scrape of competitor fuel pricing will free up store managers from conducting and reporting price surveys, reduce human error, and continuously provide real-time prices. Users will also likely find significant ▶

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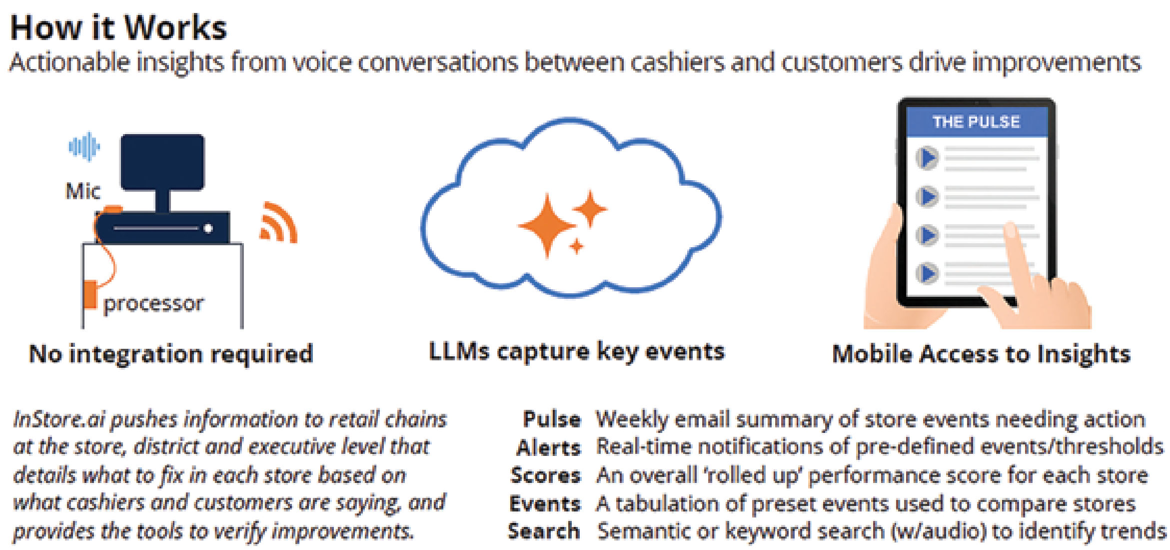
benefits from PriceEasy's analytics focused on its user's own network. Live data is neatly summarized in a user-friendly, highly customizable dashboard that allows a user to analyze performance by store, market, or across the chain. The software allows you to enter store-specific margin components (rebates, discounts, taxes, rack pricing, freight, inventory accounting, etc.) to build a highly accurate fuel margin profile for each of your stores. The historical performance of individual stores can be easily compared to neighboring competition and a user can set fuel prices directly from the app's dashboard. If digital pricing signs are integrated into a company's back office system, pricing changes can be implemented via the app and completely remove any required store-level involvement. If price signs are not integrated, the system will generate text notifications for store managers to adjust pricing.

PriceEasy also offers its full real estate module, Location IQ, to help retailers select locations for expansion, prioritize rebuilds, decide between fuel brands, and rank other stores to acquire. This software utilizes the mobility data points previously mentioned and is aimed to help retailers move beyond intuition and leverage data science and empirical data to develop optimal trade zones.

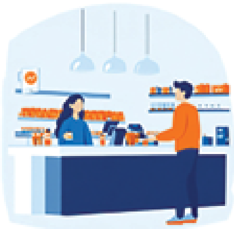
InStore.ai takes a very different approach to collecting valuable in-store data by recording store audio that can be analyzed, tabulated, and organized with its large language model. The company installs a small microphone at the register, and its artificial intelligence can understand and process what is being recorded. The founders of this technology developed the related AI infrastructure working in telecom and call centers where they witnessed the transformative power of voice analytics. They argue that conversations between employees and customers provide unique insight into customer experience and employee engagement. This data provides owners with a direct line to the pulse of their business and has been underutilized simply because until recent advances in AI and machine learning were achieved, it was impossible to practically parse meaningful conversations from background noise (e.g. store music, other in-store conversations, traffic noise, etc.). ▶



Source: InStore.ai

Cashiers and store clerks are arguably the face of any retailer, so ensuring they are helpful and leave a positive impression on customers is critical. A negative experience with a bad employee could turn away a customer for life, while good, polite employees can result in repeat business and can have a significant impact on customer spend through upselling, identifying promotions, or steering customers to loyalty programs. InStore.ai claims to be able to monitor and score the engagement of individual employees allowing management to more accurately identify top performers, recognize workers who need additional training, and let go of poor performers who could be destructive. Positive customer interactions can also be studied and incorporated into scripts for training programs. InStore.ai acknowledges that employees can initially be resistant to audio recordings, but maintains that this attitude is typically temporary, and workers embrace the technology after it is proven to elevate positive performance and is useful in employee conflict resolution.

Beyond workforce improvement, audio data can provide useful information to enhance the customer experience in a variety of ways. Identifying customer pain points in real-time (e.g. forecourt maintenance, bathroom cleanliness, merchandise runouts, malfunctioning equipment, demand for additional products, feedback on new food offerings, etc.) can allow for corrective actions before store issues begin to have a meaningful impact on bottom line performance. InStore.ai's intuitive dashboards provide a strong data visualization tool to help users understand what actions should be taken to improve network performance. One strength of the app is its strong search function that interphases similarly to a Google search and pairs store or topic-specific results with supporting evidentiary audio. ▶

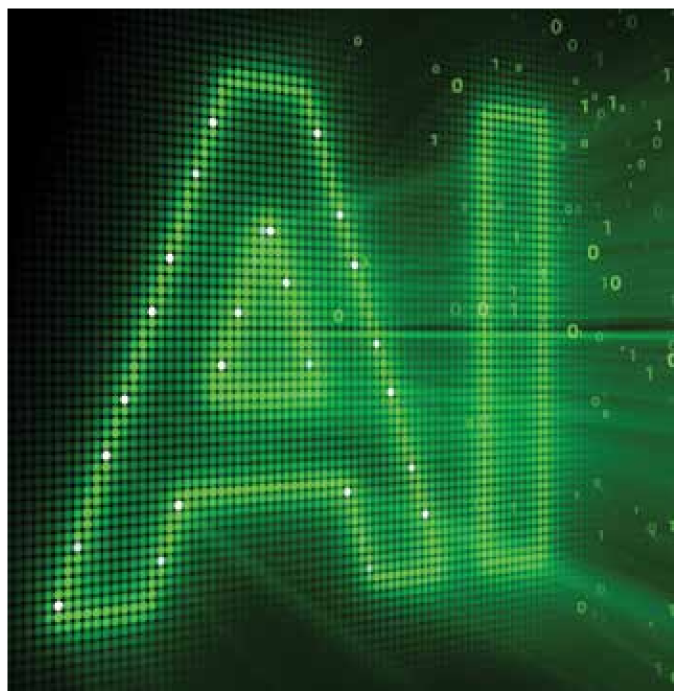


Store Level	District Level	Exec Level
Identify areas needing the most urgent improvement	Equip leaders to address needs proactively and escalate effectively	Unlock efficiency and resolve issues at scale with automation
Quickly identify and fix **reported facility issues**	Store level feedback and **trends over time**	Understand overall **compliance to training**
Validate efforts to **promote loyalty program**	Compare the frequency of **events across stores**	Track employee sentiment to **improve company culture**
Increase sales with **upsell and promo mentions**	Automated list of prepared **actions before store visit**	Recognize and **retain your top performers**

Source: InStore.ai

As this technology can raise customer privacy concerns, InStore.ai points out that recording conversations in retail stores is legal as they are considered public areas and most stores are already under some form of surveillance. In states that require two-party consent for recordings (such as California, Florida, and Illinois), customer consent is implied if the customer has been clearly informed that the conversation may be recorded, which can simply come in the form of a posted notice that "this store is subject to video surveillance."

A common theme that resonated as we researched PriceEasy, InStore.ai, and similar platforms is that while the amount of data that you can extract from integrating POS systems, traffic counts, credit card information, customer demographics, etc. can be impressive, the sheer massiveness of data and trends that can be analyzed can be paralyzing. Sure, it's fantastic to be able to correlate ice sales on Tuesday mornings from walk-in traffic against beer sales during the same time, however, that and a myriad of similar trends will likely not make a meaningful difference to you. Retailers should look for service providers that push solutions that can justify a return on your investment rather than the sheer volume of data that they can aggregate for your company. AI in the convenience store industry is still in its infancy but will likely play a meaningful role in the future. AI certainly presents promise, but this current iteration may still be somewhat aspirational and not worth the investment today; however, retailers should keep an eye on its progression to be ready to capitalize on the technology as it matures. ★



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2024 Boyett-Greinke Industry Scholarships

Sarah Clark

As the Fuel Category Manager at Casey's, I am responsible for the guest experience on the forecourt. These responsibilities include the fuel offering at the pump, biofuels expansion, EV charging, fuel marketing, and fuel promotions. I am honored to have been selected for The Fuel Foundation's Boyett-Greinke Industry Scholarship which will accelerate my studies in pursuit of my Master's in Business Administration with a concentration in Leadership from the University of Iowa. With the acceleration of my studies, I will be able to make a greater impact on my organization and those around me at an even faster pace. Thank you for your support in "fueling" my career.

University of Iowa | Casey's

2024 Pay It Forward Scholarships

Brianna Vasquez

I am deeply honored and grateful to be a recipient of the 2024 Pay it Forward Scholarship. Originally from Rancho Cucamonga, CA I am currently a sophomore at UC Berkeley, double majoring in English and Legal Studies with a minor in Public Policy. Community service has always been a core value for me, one that I continue to embrace through my various roles: as an academic tutor at Berkeley's Public Service Center for elementary students, a former employee at a local nonprofit focused on education intervention, and as an instructor teaching free dance classes to young children in the Bay Area through a campus club. These experiences, along with many others during high school, resonate with my belief that paying it forward means using your passions as tools to give back to others. Looking ahead, I aspire to attend law school and become an immigration or family attorney, working to address injustices within these systems. This is something I am deeply passionate about, as it allows me to give back to the community and to the many people who have helped me reach where I am today.

University of California, Berkeley | Pilot Company

Victoria Paulson

I am grateful to be the recipient of the 2024 Pay It Forward Scholarship. I graduated from Kennedy Catholic High School in Burien, Washington and will be attending the University of Arizona this fall, studying nursing. I have had the opportunity to give back to my community through extra-curricular, volunteer, and work experience as a captain, coach, and mentor. My community has allowed me too develop a passion for helping others and I have found through my personal experiences that serving others is such rewarding work, that I want to make it my career. By attending a university with a strong healthcare program that holds the same value for community as I do, I believe I will be encouraged to pursue a major and career that requires hard work and the willingness to put other's needs before my own. SIGMA's generosity has had a profound impact on my academic journey and because of their support, I will be able to focus more on my education and pursue my goals with determination and purpose.

University of Arizona | Christensen

Samantha Johns

I am truly honored, grateful, and blessed to be a recipient of the 2024 Pay it Forward Scholarship. I am a junior honors student at Illinois State University where I am studying Exercise Science and Physical Education with the goal of obtaining my master's and doctorate in Athletic Training. While at ISU, I work with the football team as an Athletic Training Student Aide and I have helped recharter and currently serve as the President of the Athletic Training Club. My community service projects have mainly focused on food insecurity within my local community. I have partnered with a local food packaging organization and my local hospital on their SmartMeals program which provides nutritionally balanced meals for a family of 4 that can be recreated for $8.00 or less. I believe we all get caught up in our daily lives and forget the impact we can all have helping one another. I challenge everyone to not just "donate money" to help a cause, but more importantly give your time.

Illinois State University | GROWMARK

Scholarship Recipients

Jared Shick

I am extremely grateful to be a recipient of the 2024 Boyett-Greinke Industry Scholarship. I am currently a Senior Financial Analyst for the FP&A department at RaceTrac, and I will be starting my MBA this semester at Georgia Tech. My current goal is to have two concentrations for my degree: Business Analytics and Strategy & Innovation. This scholarship is pivotal to my success in my first semester, as it has allowed me to get truly excited to learn as much as I can. I am thrilled to have an opportunity to continue my education and apply what I learned directly to the fuel industry. I greatly appreciate all the support you have given me and other students through your scholarship programs.

Georgia Institute of Technology | Racetrac

Noah Hackerott

I am a first-year student entering the University of Colorado at Boulder in Fall of 2024 to study Aerospace Engineering. I graduated from Arapahoe High School in Denver where I played baseball and was a member of several volunteer-based honor societies. My volunteer journey has led me to incredible opportunities including serving at a local food bank since elementary school and helping the homeless in the streets of El Salvador. I am extremely grateful to be a recipient of the Fuel Foundation's Pay It Forward Scholarship and look forward to continuing to give back to my community in my post secondary education.

University of Colorado: Boulder | Offen Petroleum

Beckett Postlewaite

My next chapter will begin at the University of Oregon with the help of the Pay It Forward scholarship. Sports played a central role in my high school years. I played lacrosse and water polo, yet almost as momentous was spending Saturday mornings volunteering with our local AYSO VIP program as a soccer buddy for kids with physical or mental delays. Showing up turned into a commitment to my community that included food drives, fixing old bikes for charity redistribution, and restoration at a historic cemetery. I plan to study marketing communication and can't wait to expand my community. Thank you, SIGMA's Fuel Foundation.

University of Oregon | Robinson Oil Corporation

Rebekah Lay

I am currently attending Norwich University in Vermont. I'm studying Criminology, Criminal Justice, and Forensic Psychology. I have been doing volunteer work practically my whole life, from working with the Wooster High School band and their uniforms, to playing trumpet at Churches, and many others. About two years ago, I became an Eagle Scout, and that taught me many valuable lessons. Servant leadership, trust, loyalty, and lending a helping hand. I have continued on each of those values and more while I've been at college. Thank you so much for the help and support, it is very much appreciated.

Norwich University | Ports Petroleum

Anna Gribbell

I will be studying anthropology at Miami University in Oxford, Ohio. Anthropology is largely the study of human interactions, one of which being the idea of paying it forward. The communities around me have contributed so much to myself, and the idea of giving back to them is very important to me. I would like to thank SIGMA's Fuel Foundation for this scholarship and the impact it will have on my academic career.

Miami University | Sheetz

Alyssa Norada

I am an incoming fourth year pre-medical student at UC Berkeley, majoring in Molecular and Cellular Biology with a specialization in Neuroscience. My success throughout my life can be directly attributed to a community of people who paid it forward to my mother and I when we needed it most. I feel strongly about being able to do the same for others, and I do so by volunteering to coach and train kids how to play basketball in low-income communities, working on projects within my small crochet/sewing business to donate proceeds or items to charity, interning at a neuroscience lab in which I participated in research to combat Alzheimer's Disease, and interning at a neurosurgery clinic and participating in research in brain and pituitary tumors. One small act of kindness can change the trajectory of another person's life, and I am extremely grateful to the Fuel Foundation for having selected me for the Pay it Forward scholarship.

University of California, Berkeley | SC Fuels

The Grand Tour Ends

BY JOHN EICHBERGER, TRANSPORTATION ENERGY INSTITUTE

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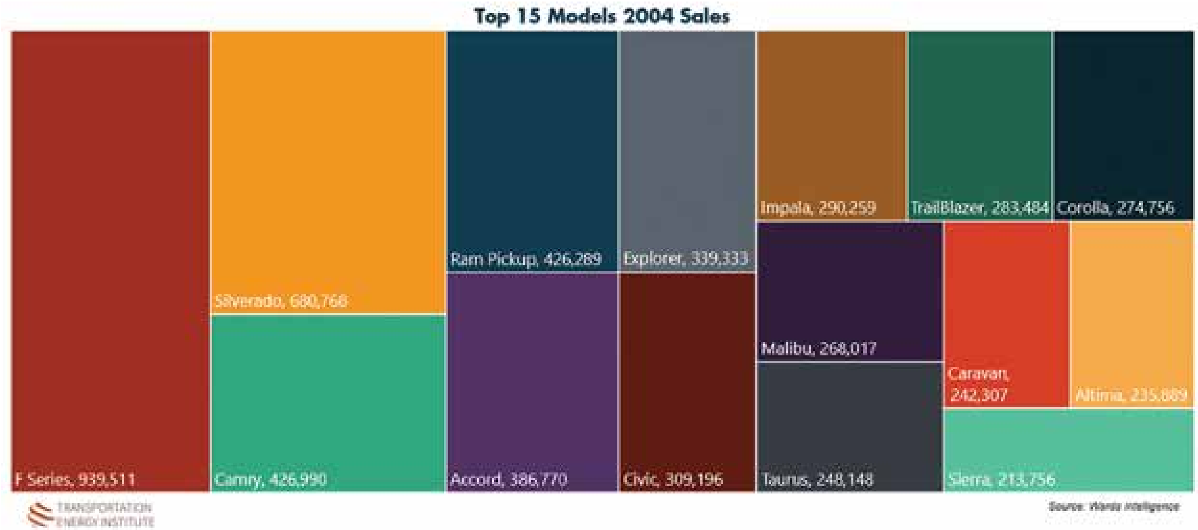
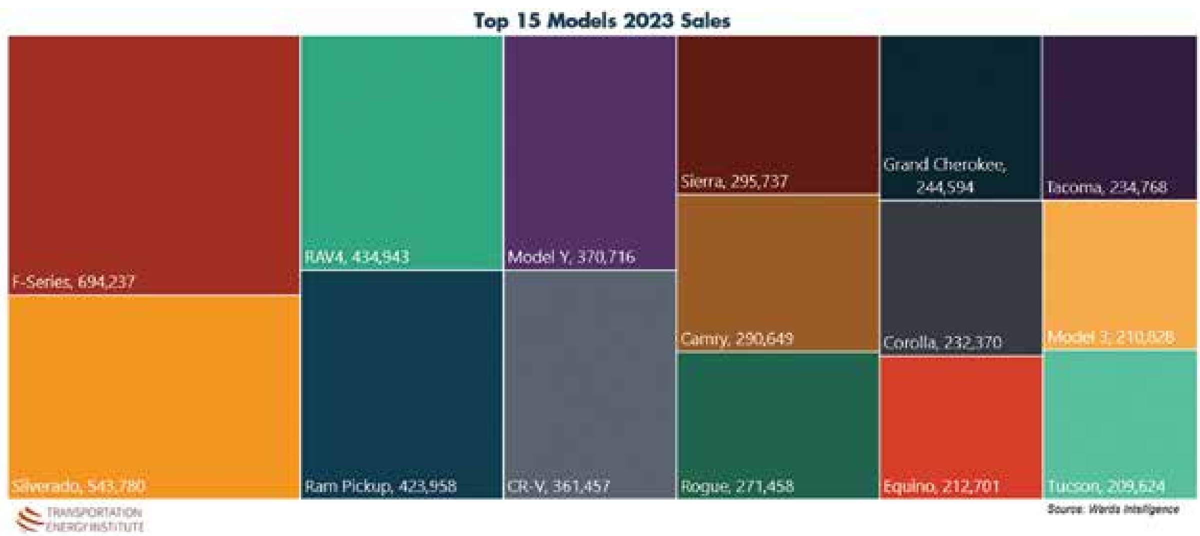
The title is not a metaphor – the car expedition series featuring Jeremy Clarkson, James May, and Richard Hammond has aired its final episode. As the series fades away, it raises a lot of questions for me. Why did this dynamic trio survive hosting car shows for more than 20 years and why has it come to an end? There are a lot of reasons that have been discussed in interviews, many of them fully legit (e.g., aging hosts, limited new territories to visit, other endeavors, desire to quit on their own terms, etc.). But if you watch the final special, "One for the Road," the hosts provide additional insights. On many occasions in the episode, they said that new vehicles just are not as interesting or fun as the ones they have been driving for the past two decades. Is this true?

Much has been written about the lost love of the automobile, the decline of car culture that really exploded in the 1950s and 1960s in the United States. Some point to the fact that many kids seem to not aspire to get their driver's license at 16 and rather than dream about the car they want to own they seem more focused on the newest tech product they might acquire. According to a Washington Post article in February 2023, in 2021 only 25% of 16 year olds and 42% of 17 year olds possessed a driver's license compared with 43% and 62% in 1997, respectively. The article continued to point to potential causal factors for this drop in driving among teenagers, suggesting among these a fear of accidents, cost of insurance, concerns about the environment, and access to transit and ride app. [Cost of housing has also been cited elsewhere as a factor.] The article also mentions that young people today can "get together" online and the need to go see someone in person has reduced the need to drive. I personally cannot relate to these feelings, getting my license was my number one priority as a teenager…but times change.

Perhaps all of this is true about younger people, but I wonder if what the television hosts said might also be true – are vehicles becoming boring? Are they becoming simply commodities to move people from point A to point B without personality or attention to style and form? Do they not inspire a desire to drive as they once did? They apparently no longer represent the access to freedom they once did, if we accept the premise that getting together "online" is as valuable as physical proximity.

The program Top Gear was rebooted in 2002 on the BBC and featured our three venerable hosts. Was the vehicle market of that era so different from what we have today? Well, according to sales data in the United States, not really. Among the top 15 models sold in 2004 and in 2023, there is some variation but ▶





not significant. Pickups still dominate the top five models and crossovers have replaced the sedans that once occupied those positions, but other than some models dropping out (or being eliminated from production completely) and a couple new ones entering the ranks (most notably the Model Y and Model 3), the type of vehicles being sold today are relatively the same as those sold nearly 20 years ago. Maybe by 2004 the era of special vehicles had already faded…

That said, any gearhead will tell you that today's vehicles, while they may be the same model, are not the same vehicle. They are dominated by computer-based controls and loaded with modern conveniences demanded by consumers. In essence, today's vehicles are more like rolling computers than anything else. Drivers seem to be more concerned about staying connected while driving rather than viewing time behind the wheel as an opportunity to escape. If their phone is not integrated with the vehicle's user interface and constantly connected to the internet, they cannot "enjoy" the drive. (This is just my own speculation based upon observations of drivers around me that struggle to stay in their lane or maintain a consistent speed or lift off the brake when the light turns green…ok, I am literally starting to curse as I write this!)

Watching "One for the Road," I felt a connection with the hosts. They were talking about the sound of the engine, the feel of the road, the responsiveness of the steering wheel and the enjoyment they got from their vehicles carving across the landscape, providing them with access to immeasurable beauty. (I wrote about this love for driving in a 2020 blog, "When It's Love," which was also a tribute to Eddie Van Halen.)

Earlier this year, NACS and TEI joined with Bold Decisions and conducted a national survey of 1,200 Americans. In that survey, we learned that 62% of respondents were somewhat or very likely to take a road trip over the summer. Of those, 70% said that one reason for doing so was because road trips were fun and enjoyable. This leads me to think there remains some level of enjoyment associated with getting behind the wheel and exploring. (I also explored the nature of the road trip in a 2018 blog, "Where the Streets Have No Name.")

Saying goodbye to Clarkson, May, and Hammond may not be unlike saying goodbye to any other beloved television program, but it feels different. This was not a situation comedy or a crime drama with fictional characters, this was a celebration of vehicles and travel. We could share a passion, learn about that passion and see places we may never have the personal opportunity to visit. I believe what the hosts have said about their legitimate reasons for the show's conclusion, but I still wonder how influential to their decision was their personal narratives about the type of vehicles entering the market today. Could it be that the new vehicles we are welcoming onto the roads, which despite being superior in so many ways to those they are replacing, might in fact be contributing to the complacency of drivers?

I am enthusiastic about the improvements automakers have made to our vehicles, from efficiency and emissions to performance and convenience, but I do look back fondly on what once was. I drive a plug-in hybrid Jeep Wrangler when I am home, and I love it; but when I am visiting my family in California and staying by the beach, I drive an older, manual transmission two-door Wrangler with manual windows. I accept and can celebrate the future, but that doesn't mean I am not going to hold on to something of the past. (Btw, my 10-year-old loves the manual cranks – such a novelty for her!)

The auto industry is working hard to comply with regulations while meeting new and evolving demands of drivers. Consumer age, spending habits, and level of disposable income are all considerations that appear to directly impact vehicle sales, in addition to desire and interest in available models. TEI follows these trends and tries to provide insights to help industry stakeholders better understand and satisfy the needs of the market. ★

John Eichberger is Executive Director of the Transportation Energy Institute, a non-profit, independent think tank founded and managed by NACS, the association for convenience and fuel retailing. Drawing diverse stakeholders from the vehicle and fuels industries, the Institute encourages multi-industry collaboration and produces credible, independent analytical reports to better inform business leaders and policymakers about opportunities and challenges in the vehicles and fuels markets.

CHARGING AHEAD

BY MAURA KELLER

Electric vehicles (EVs) are making inroads in the minds of consumers who are slowly embracing "going green" in their vehicle choice, while leaving a smaller carbon footprint. While the EV industry continues to be in flux as manufacturers modify their production goals in response to the ever-changing EV marketplace, within the convenience store and gasoline marketing industry owners and operations are evaluating the best way to be a part of this up-and-coming market—namely through electric vehicle charging stations.

Although the majority of drivers do most of their charging of EVs at home, the demand for charging elsewhere is predicted to rise, as the number of EVs on the roads increase. Currently, most public charging stations are located at parking facilities, office parking lots, or at retail facilities where the drivers park for an hour or more. However, as the number of EVs on the roads continues to grow, there is going to be an increased need for fast charging stations, which drivers typically use for about 30 minutes. These are expected to be found at traditional gas stations and c-stores, especially along highway routes.

According to Elaina Farnsworth, CEO of Skillfusion, an EV electrical certification company, the key considerations that gasoline marketers need to make as it relates to installing EV charging stations will be with the local utility.

"The local utility can help the site determine the amount of power available to supply EV charging stations and the cost and timing to supply that power," Farnsworth says. "Upgrades to utility service are not inexpensive and if the utility does not have the necessary infrastructure already in place it could take years to provide the necessary distribution to get the site ready to supply EV charging."

The local utility should also be well versed in incentives available. In addition to the National Electric Vehicle Infrastructure Formula (NEVI) funds for particular geographies, many utilities, especially those in states with high EV penetration, offer support for a wide range of considerations including distribution upgrade costs, installation, demand charge mitigation, and rebates on charging station costs.

Mike Rowand, senior advisor of EVs2Scale2030 at EPRI, an independent, nonprofit energy R&D institute says that, in the near term, c-stores need to understand the demographics of their current and targeted customers. For example, are customers primarily local drivers or travelers?

"A critical difference between fueling an EV versus a gasoline vehicle is that fueling can or will occur at home and at other non-traditional fueling locations such as grocery stores, shopping centers, etc. So, a c-store needs to view its 'competition' in a different way than with traditional fueling," Rowand says. "As market penetration of EVs continues to increase, c-stores will need to consider the change in size of their market base if they do not install EV chargers. There are also practical considerations such as space availability and existing infrastructure, which can make one location easier to install EV charging versus another."

Key Concerns

According to Jim Dore, vice president, service solutions at Chateau Energy Solutions, as the momentum for electric vehicles (EVs) continues to grow, the prospect of integrating EV charging stations at convenience stores presents a promising yet challenging endeavor. Safety concerns loom large, with the coexistence of petroleum posing fire risks, while the daunting task of securing adequate power supply adds another layer of complexity. Dore has 25 years of experience in consulting, designing, selling, and funding energy efficiency and electric vehicle infrastructure projects and programs.

"Regarding safety, we have to be mindful of the risks associated with EV charging stations at convenience stores and gas stations," Dore says. "With petroleum on-site and multiple consumers trying to charge, there's a real concern for fire hazards, electrocutions, and accidents."

Beyond safety, an issue many organizations, not just convenience stores, are facing is sourcing adequate power from the utility in a timely manner. As Dore explains, when it comes to utility and power supply, getting enough 480v three-phase power to each location can be a real challenge.

"It's not just about the cost; it's also about the time and effort needed to set up a scalable system given the current power generation and distribution issues," Dore says. Working with an EV charging infrastructure expert can help as they collaborate with the utility and assist in streamlining the power upgrade and interconnection process.

As Farnsworth further explains, there are multiple EV charging station options available for installation, everything from lower power stations (called Level 2) up to DCFC stations. DCFC (DC Fast Chargers) require 480V and charge vehicles in tens of minutes. ▶

"So, a major consideration is how long customers are expected, or desired, to stay at the charging location," Rowand says. Appropriately sized DCFC chargers can fuel the newest EVs up to about an 80% state-of-charge in the time it takes for a restroom break and a drink.

"Assuming the facility would want quicker customer throughput, we would recommend that a c-store consider chargers in the range of 150 kW," Farnsworth says. These stations would provide typical EV drivers 300 to 450 miles of travel for one hour of charging – it is important to note that most EV drivers would be looking to "top off" their driving range and charge, on average, for about 30 minutes maximum.

"There are also multiple EV charging service providers that, depending on the site's geography, may offer to install, own, and operate the station," Farnsworth says. This would minimize or eliminate the upfront cost to the site, however, it would require ceding control of the station to the operator. If the site is interested in attracting EV drivers to alternative services like restaurants or a c-store, this might be a viable option.

From the investment side, the upfront capital costs for installing EV charging stations at a large number of convenience stores can be pretty steep. "We're talking about $65,000 to $150,000 for each DC fast-charging station, and that's not factoring in switchgear, permits, and other expenses," Dore says.

Indeed, according to McKinsey the cost to install these stations can range from $40,000 to $150,000 per charger depending on logistical factors and utility service available. The hardware cost can range from an additional $45,000 to $100,000 per charger. As Rowand explains, initial costs to install chargers fall into several categories. Depending on your existing utility service, there may be costs for the utility to increase the size of the electric service to your facility. In addition, most convenience stores do not have the electrical infrastructure to provide power to DCFC systems, which may be 10x or more the power requirements of the existing building.

Finally, the charging equipment itself must be installed. "Depending on the location, there may be utility programs or other incentives that can offset some of these costs," Rowand says. "If you are considering the installation of EV chargers, it is important to contact your local utility as early as possible – even if it is just something being considered."

Installations also will typically require communications infrastructure. The communications infrastructure is needed for customer interface and billing systems, as well as for the station owner to monitor the status/health of the charging station and ensuring power requirements do not exceed desired levels.

John Garrett, vice president of electrical vehicle services at Maverick Corporation, a full-service power and communications network infrastructure engineering, procurement, and construction company, says the choice of chargers either Level 2 or Level 3 (DCFC) will directly impact cost and the number of chargers. "Out of pocket costs are the number one factor facing gasoline marketers' adoption of EV charging," Garrett says.

However, there are incentive programs emerging to entice c-store owners and gasoline marketers to make the investment in EV charging infrastructure. "For example, in Massachusetts Eversource and NGRID have very robust incentive programs which, on average, pay for 80% to 100%, depending on the area," Garrett says. "Considering convenience stores and gasoline marketers customers are quick-stop shoppers, this would suggest DCFC would be best choice.

When deciding on DCFC, the voltage needed would be 480v which would mean another service on the property."

According to Farnsworth, a good portion of the installation cost is driven by to the cost to get power from the utility transformer to the charger location.

"Obviously, placing chargers close to where power is supplied to the facility will minimize cost," Farnsworth says. "However, the site needs to be prepared to provide at least two 'EV Only' parking spots for each charger and would be advised to install a minimum of two stations per location."

Luckily, the basic electrical equipment, such as transformers, switchgear, and wires, requires very little maintenance. However, as Rowand points out, the charging station itself, including the cable and "plug" for the car do require routine maintenance. This includes simple tasks such as filter changes, as well as the repair of electronic components and replacement of damaged items.

Of course, reliability is the cornerstone of any solid EV charging station and is currently at the forefront of EV owners' minds. According to a new research by a Harvard Business School fellow Omar Asensio, the climate fellow at HBS's Institute for the Study of Business in Global Society (BiGS), the study indicates that EV owners experience deep frustration with the state of charging infrastructure, including unreliability, erratic pricing, and lack of charging locations.

Specifically, current EV drivers don't see "range anxiety" as a significant issue. Rather, many have "charge anxiety," a fear about finding charging stations for their EVs and whether those chargers will be functioning. The research study examined more than one million charging station reviews by EV drivers across North America, Europe, and Asia and determined that these drivers described how they "regularly encounter broken and malfunctioning chargers, erratic and secretive pricing, and even 'charging deserts' – entire counties that don't have a single public charger and that have even lost previously available chargers."

J.D. Power also recently found that one out every five visits by customers at both Level 2 charging and DCFCs ends without charging.

Because reliability and functionality is top-of-mind for EV consumers, this area of EV charging is an opportunity for gasoline marketers and c-store owners and operators to truly shine. So, while maintenance may be minimal, ensuring that the hardware, software, and overall functionality of EV charging stations are operational is paramount in improving reliability standards.

The Future of EV Adoption

Electric vehicle adoption in the United States is here to stay, but Dole says the EV infrastructure lags behind the traditional gas vehicle infrastructure. "Consequently, the current lack of nationwide charging stations could pose a concern for potential EV buyers," Dore says. "However, the good news is that one day soon you will see most c-store and gas stations with DC Fast charging stations. While challenges remain in achieving scalable EV infrastructure deployment, progress is steadily underway, offering an encouraging outlook for EV enthusiasts."

Over time, Rowand says most c-stores may want to install EV chargers so they don't miss out on the opportunity to serve a growing segment of the market. However, the need will vary from store to store depending on location and demographic information.

"For example, in areas with single-family homes with garages and driveways, the majority of EV charging will likely occur at home. In areas without dedicated at-home charging, c-stores will have the opportunity to serve fueling needs as they do today," Rowand says. "For c-stores positioned on traveling corridors, EV charging presents an opportunity to capture additional traveling customers and make up for lost customers that no longer drive internal combustible vehicles." ★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4 Steps to Protect Your Business with Managed Services

BY GREG CROW, PDI TECHNOLOGIES

Most fuel and convenience retailers share a lot of traits with other small to mid-sized businesses (SMBs). Unfortunately, one of those similarities is their vulnerability to cyberattacks.

One reason behind this vulnerability is the nature of a highly distributed business model with remote sites that are increasingly difficult to monitor and protect. A second reason is the evolving scale and frequency of cyberattacks. With a growing number of Internet-connected devices and employees, all businesses are just one step away from unwanted risk and exposure.

The third reason is perhaps even more daunting. According to DigitalOcean, the top concern of SMBs is the lack of time to manage their security. Even though it's the top concern, most SMBs can't or won't commit internal resources to address the issue. Of the surveyed businesses, only 42% had an employee dedicated to security and 38% had zero. To put it more bluntly, 80% of SMBs have no more than a single dedicated security expert.

If that's similar to your situation, what should you do? Here are four steps that can help fuel and convenience retailers avoid becoming yet another cyberattack victim.

1. Get to know the threat that's right in front of you

The cybersecurity knowledge gap creates significant challenges for protecting data, IT systems, and the business itself—not to mention safeguarding your customers and their data. Recent history has taught us that it's now less a question of if your business will experience an attack than when it will.

Cybercriminals often view SMBs as "soft" targets, which is why a relatively high percentage of SMBs will experience a cyberattack of some type. If you don't adequately recognize the potential threat—and cost—to your operations, the damage might already be done. By the time an attack or incident occurs, your business will likely have experienced some degree of disruption that negatively impacts your customers and your brand reputation.

2. Explore your external options

When you realize that experiencing a cyberattack is more probable than not, you can start taking proactive measures to prevent or mitigate an attack.

First, you must be able to monitor your systems, detect threats, and respond accordingly before they can impact your business. That requires something more powerful than off-the-shelf tools such as anti-virus and anti-malware software that might be generations behind today's sophisticated cyberattacks. When cybercriminals deploy AI in their attacks, using anything less advanced to prevent an attack simply won't cut it.

To fight back, you need the right combination of advanced security tools, proven processes, and the human expertise to effectively manage those tools. If you don't have the resources or expertise to handle that effort, your best bet is to find a reputable vendor that can help. Outsourcing your cybersecurity workload can not only increase your security posture, but it can also let you get back to concentrating on your core business. ▶


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3. Tap into fully managed cybersecurity services
Once you decide that outsourcing makes sense, it's important for you to:

- Recognize the potential security risks you face
- Decide what risks you're willing to accept
- Commit to the best strategy to mitigate those risks

One of the most cost-effective ways to accomplish those objectives is to leverage fully managed detection and response (MDR) or extended detection and response (XDR) services. When you utilize these types of services, you gain all the benefits of the latest advanced cybersecurity technologies without having to purchase and maintain them yourself.

Moreover, these services:

- Don't consume internal technology budget or staffing
- Typically cost much less than a single IT security expert's salary
- Provide immediate access to 24×7 coverage from highly trained cybersecurity analysts

4. Leverage MDR and XDR to bolster your security strategy
For any small business, it's critical to fully appreciate the level of risk your business faces from cyberthreats and take the appropriate steps to avoid that risk. If you don't want to become a cybersecurity expert yourself, you'll need to find someone with the expertise to protect your business.

Reputable vendors can offload your burden—and anxiety—through fully managed MDR and XDR services that deliver an affordable option to help keep your business safe.★

T50 Scramble: Gasoline Suppliers Face a Patchwork of Confusing New Regulations

BY JULIA MARTINEZ AND ZOE VASTAKIS, S&P GLOBAL COMMODITY INSIGHTS

Several new rules on spec changes have scrambled the U.S. gasoline market, as suppliers find themselves working through a patchwork of state-by-state regulations. Terms like T50 are becoming more commonplace as market participants become more familiar with changes to fuel specifications and standards.

Suppliers are grappling with the latest change from technical standards association ASTM International, specifically D4814-24a, which relaxes the minimum 50% evaporated distillation temperature (T50) from 150 degrees Fahrenheit to 145 degrees Fahrenheit. For gasoline without ethanol, the T50 minimum remained at 150 degrees Fahrenheit.

The change could allow for blending higher volumes of lighter components such as butane and natural gasoline. However, there exists a patchwork of states that have and have not adopted the standard.

"It is more about supply and margin dynamics driving prices. If you can blend more butane into gasoline, you can produce more gasoline, and this could potentially drive to low prices," a source told Platts. Platts is a part of S&P Global Commodity Insights.

Buckeye, Colonial, ONEOK Pipelines Make Updates, Explorer Remains Unchanged

The delayed adoption of the updated standard in some states like New York has led midstream suppliers to take different measures to meet customer needs.

Buckeye Partners said they adopted the new 145-degree minimum specification but issued a waiver to allow the 150-degree minimum product to flow through the pipeline as the products do not need to be segregated, the company told Platts. The waiver will be in place until the official specification change is published in their Shipper's Notebook.

Meanwhile, Colonial Pipeline said it would continue to enforce the 150-degree standard but issued a waiver at the end of September allowing the 145-degree minimum product to be shipped.

"Until all states served by Colonial make changes that align with the new specification, we will continue enforcing the 150-degree standard in our current Product Codes and Specifications. All products in our system have continued to meet the 150-degree specification," the company told Platts.

Colonial also said they will update their product codes accordingly and will issue an announcement when adopted.

In addition to pipelines serving the Northeast, pipelines coming out of the Gulf Coast and north into states like Oklahoma and as far as Illinois have also made changes to what is allowed in their pipelines.

ONEOK, which recently acquired Magellan Midstream Partners and its extensive Midwest pipeline system, is not allowing the relaxed 145-degree specification. Additionally, the Explorer Pipeline has not yet made a decision about what they will do about the new specification and is allowing both products to run in their pipeline.

Atlantic Coast sources have told Platts the change could knock half a cent off the gasoline differentials in the Northeast region versus the NYMEX RBOB contract, while Gulf Coast sources said it could possibly make the unleaded 87 grade more bullish as it allows more naphtha to be blended into the gasoline, as naphtha is at record high-spreads relative to gasoline.

U.S. Gulf Coast naphtha prices began an upward rally, strengthening against gasoline since the week ended Sept. 27 amid buying interest, reaching record-high levels for the spread against the NYMEX RBOB front-month contract.

Light naphtha shipping via Colonial Pipeline to blend gasoline in the Northeast increased after Colonial announced the waiver to accept the 145-degree material, sources said.

The light naphtha market balance depends on exports for heavy crude oil dilution in Canada and South America, as well as exports and domestic demand for gasoline blending. ▶

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Location	Benchmark
North America	North American refined products US Fuel Oil US LPG
EMEA	MOPS gasoil MOPAG refined products MOPFUJ Fujairah refined products
APAC	MOPS (FOB Singapore) refined products MOPJ naphtha
LATAM	Brazilian refined products

What's next for the refined products markets?

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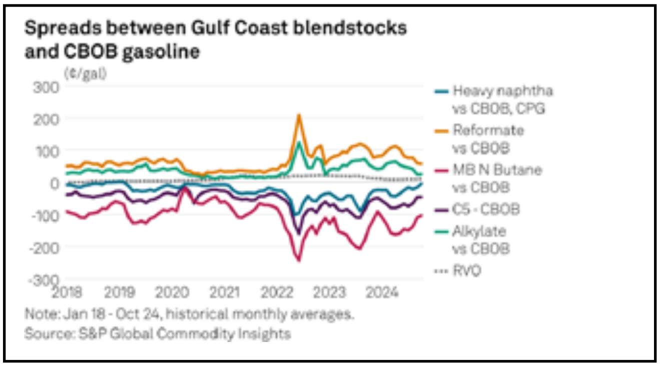

Midwest Gasoline Market Seeing Biggest Impact from T50

In addition to the Buckeye and Colonial pipeline updates in the Atlantic Coast, the Chicago gasoline complex system is also feeling the weight of the specification change as states move to adopt the T50 specifications.

However, sources shared that the transition will be short-lived as more states move to the new standard.

"There are yet too many states that need to adopt the standard," a gasoline trader told Platts.

As of mid-October, Illinois had adopted the new standard, while Wisconsin was still in deliberation. The misalignment of the two states has divided the Chicago complex system as the West Shore and Badger pipelines maintain the Wisconsin specification, while Wolverine and BCX conform to the updated T50 standard in line with Illinois.

The updated standard could bring relief to the Midwest gasoline complex, sources told Platts, as it could allow for more supply in the constrained region, although the change to the gasoline formulation does not necessarily mean a change to prices, a source said.

Indications were heard in the market placing Wisconsin specification gasoline to be delivered in Chicago at a premium, with Illinois spec at a discount of between 1 to 5 cents/gal. The spread between the two specs narrowed throughout the week ending Oct. 4.

Market participants were not able to comment on how or if the specification change was also impacting the Magellan system for Oklahoma Group 3 gasoline.

"We will see more impact from T50 as we move into winter, when the Reid vapor pressure is at 13.5 psi and 15 psi," one Midwest gasoline source said. ★

About S&P Global Commodity Insights

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What is Driving Artificial Intelligence Adoption for Wholesale Fuel Markets?

BY KEN EVANS, DTN

Artificial intelligence (AI) is transforming the downstream oil and gas industry delivering significant efficiency, safety, and sustainability gains. Over the past decade, it has emerged as a key driver in modernizing this traditionally labor-intensive and fragmented sector, leading to improved performance and operational breakthroughs.

Growth of AI Adoption in Downstream Oil and Gas

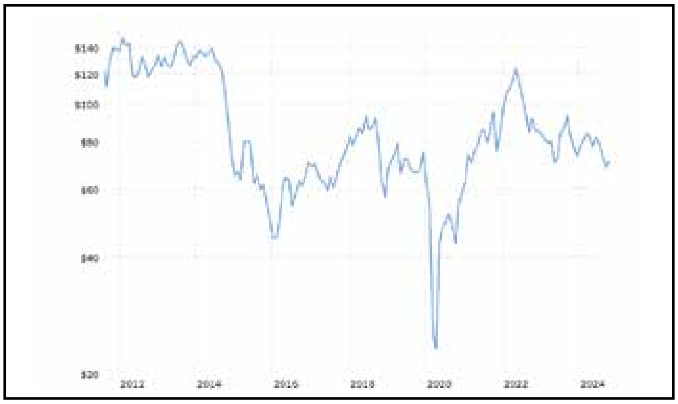
In 2022, the global AI market within the oil and gas industry was valued at approximately $2.16 billion. According to Precedence Research,[1] that number will grow to over $25 billion by 2024 with North America dominating the market share.

For an industry that is typically labeled as slow to adopt digitalization due to the complexity of the supply chain, AI has had a hockey stick growth. In a 2018 EY survey[2], AI and machine learning ranked fifth as expected to have the greatest positive impact over the next five years. Today the company reports 92% of oil and gas companies have or are planning to invest in AI by 2027.

For fuel marketers and retailers, several market forces are accelerating adoption.

1. Fluctuating Oil Prices

Oil prices are notoriously volatile due to geopolitical tensions, supply disruptions, and demand changes. However, in recent years, these impacts have become more pronounced and unpredictable.



Marcrotrends[3] chart showing daily crude oil prices.

As the downstream industry has felt all too well, volatility in one segment of the industry has ripple effects across the entire oil and gas supply chain. Consider how fluctuations in crude oil prices can lead to unpredictable and unstable profit margins for downstream operations and in turn affect operational expenses for transportation and logistics companies.

AI helps wholesalers better forecast price trends and manage risks through predictive analytics. Accurate price predictions can aid in optimizing purchasing decisions and improving profit margins.

2. Increasing Competition

Consolidation and non-traditional players, such as tech companies and retailers with large logistics operations, entering the fuel distribution market are driving increased competition among fuel wholesalers. 7-Eleven's acquisition of Speedway and Sunoco's acquisition of NuStar Energy are recent examples of consolidated market share.

AI offers a competitive edge by improving efficiency in operations, logistics, and pricing strategies. Larger companies have more interest and greater capability to utilize AI in their everyday processes, which allows them to gain better insights into customer behavior, optimize supply chain management, and reduce operational costs so that they can gain market share and perpetuate their growth.

3. Supply Chain Optimization

Fuel supply chains are complex, and disruptions can lead to significant losses. A quick look at the last 10 years including a global pandemic, labor shortages, geopolitical unrest, and volatile weather events is undeniable proof of this statement.

AI helps wholesalers optimize their supply chains and make them more resilient by analyzing real-time data on weather, shipping conditions, and global fuel demand. The benefit to the wholesaler is when their supplier can ensure product availability for future lifting patterns and for unexpected supply disruptions. ▶

[1] *https://www.globenewswire.com/en/news-release/2023/09/14/2743428/0/en/AI-in-Oil-and-Gas-Market-Size-to-Reach-USD-18-94-Billion-by-2032.html*
[2] *https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/oil-and-gas/ey-ai-in-oil-and-gas.pdf*
[3] *www.macrotrends.net*

AI can also enable route optimization, which reduces fuel consumption, improves delivery times and ratability, and maximizes driver and equipment utilization.

4. Regulatory Pressures and Sustainability Goals

Since 2020, several global regulations and policies, such as the European Union Emissions Trading System and the Inflation Reduction Act, have been implemented to address environmental concerns and promote sustainability. These drive technology adoption to automate compliance reporting and provide real-time monitoring and alerting capabilities. Advanced modeling can significantly mitigate compliance risks and ensure adherence to industry standards.

As the world moves toward renewable energy solutions, fuel wholesalers are under pressure to adapt. AI can help them optimize the distribution of traditional fuels while also exploring alternative fuel sources, such as biofuels or hydrogen.

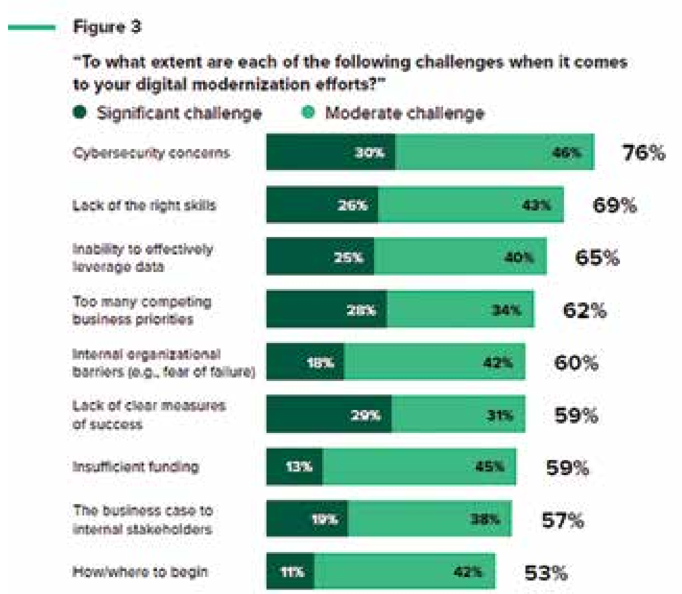
AI tools can also reduce the industry's own carbon footprint. For example, AI-informed route optimization can minimize fuel consumption and greenhouse gas emissions. These systems can consider factors such as vehicle type, fuel efficiency, and alternative energy sources when planning routes.

6. Operational Efficiency and Cost Reduction

Noting the increased competition and the already razor-thin margins for the downstream industry, AI applications such as automated scheduling and optimized delivery routes can reduce operational costs significantly. The early and predictive detection of supply events can enable both reduced costs to serve while maintaining customer commitments and satisfaction.

7. Digital Transformation and Automation

The fuel industry is undergoing a broader shift toward digitalization, particularly as the sector realizes the AI benefits of reduced labor costs, increased speed both in operations and decision-making, and predictive insights. Until recently, these capabilities were limited to in-house teams at majors due to cybersecurity concerns and lacking skill sets but are opening up to the broader sector.



According to 2021 research performed by Forrester Consulting on behalf of DTN[4], more than 70% respondents working in the downstream industry agreed that digital modernization is a top priority for their business. More than half of the respondents have begun the process due to cited challenges.

[4]*https://en.dtn.com/22-digital-modernization-study*

Increasingly technology companies are building scalable user-friendly, cloud-based platforms specific to the needs and challenges of the downstream sector.

The data-heavy lifting is done by the technology company, packaged and sent to the wholesaler through an application programming interface. The API easily integrates with a company's existing system or delivered through a platform. This means that a company doesn't have to design, build, and maintain data operation hubs, or hire a large data engineering team to harness the benefit of AI.

8. Customer Demand for Personalization
AI helps wholesalers respond to growing customer demand for more personalized and flexible fuel purchasing options. With AI, wholesalers can analyze customer buying patterns and offer tailored solutions, including flexible pricing, delivery schedules, and payment terms, which can enhance customer loyalty.

The most likely visible response to meeting new customer behavior is the c-store transformation with a focus on the customer retail experience over the traditional gas station. Majors realize they are selling a fungible commodity and customer experience is a key path to competitively differentiating in the market.

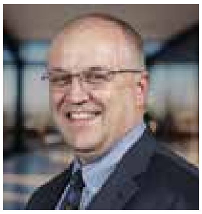
By building multi-service hubs offering electric vehicle (EV) charging, retail, and food services, major energy companies expect to build brand loyalty and revenue[5] by building personalized experiences and making it easier for customers to choose to do business with them.

The Future of AI for Fuel Retailers

As the industry continues to embrace AI, the role of big data will only become more critical in helping companies remain competitive, adaptive and resilient.

While market forces were the catalyst for adopting AI, majors now realize that it will be data integrity, granularity, reliability and accessibility that drives broader adoption.

This will create more opportunities to build digital collaboration with partners in the energy supply chain while maintaining information security protocols and competitiveness. AI will play an increasingly vital role in ensuring that downstream operations remain resilient and competitive. ★



Ken Evans
Ken Evans, General Manager, Energy and Refined Fuels, leads the energy and refined fuels business assuring our solutions continue to deliver exceptional value to customers in this sector. He has more than 30 years across the oil and gas industry, including Global Vice President for Oil & Gas at SAP prior to joining DTN. He has been actively engaged in various youth leadership development and leadership positions in his community and church. He earned his bachelor's degree in chemical engineering from the University of Colorado.

[5]*https://finance.yahoo.com/news/shell-to-unload-1000-retail-locations-in-pivot-to-ev-charging-141517030.html*

CITLDS-Continual Reconciliation applications for Active Fueling Facilities

BY WILLIAM JONES, WARREN ROGERS PRECISION FUEL SYSTEM DIAGNOSTICS

While the population of regulated USTs has dropped dramatically since storage tank rules were first published in 1988, there has been a major trend in the retail petroleum industry toward the development of high throughput fueling facilities. Hypermarket fueling stations with customers at each dispenser, convenience stores active at all hours of the day, and travel centers with delivery transport trucks lined up to make their drops are now a common sight. The fueling public is drawn to these facilities because of their competitive fuel prices. The business model that supports these complex operations relies upon moving large amounts of fuel products on thin margins.
Naturally, operation of these high-tempo sites imposes wear and tear on fueling equipment. From a leak-detection standpoint, the concern is whether product containment has been compromised in the face of all this activity. From a business perspective, costly fuel inventory losses can take place at active sites because of problems with meters drifting out of calibration or improper blending ratios, theft at the dispenser or upon delivery, or the effects of temperature fluctuations. Many companies with high-volume sites have realized that the best way to manage their complex operations is to rely upon precise measurements of fuel inventory.

A small number of U.S. solution providers have worked with operators of such sites to develop a CITLDS-Continual Reconciliation application to enable them to manage their leak-detection requirements and all of the complex transactions and fueling equipment at high-throughput facilities where problems with fuel inventory shrinkage are endemic.

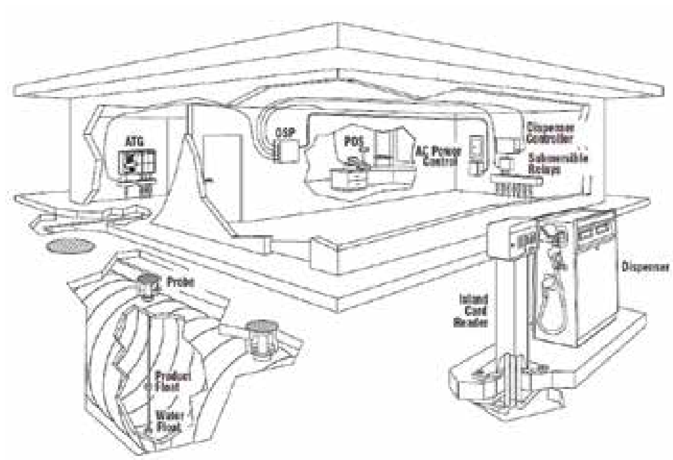


Figure 1-sample CITLDS connection process

The CITLDS-Continual Reconciliation application

As shown in Figure 1, the CITLDS-Continual Reconciliation application often uses a processor (“OSP”) installed at each facility to acquire data from automatic tank gauges, dispenser ▶

controllers, and other related systems. The OSP records data for each dispenser and compiles refined inventory data at the conclusion of every sales transaction by querying the tank gauge for product height and temperature measurements. The OSP develops a complete and ongoing record of fluid flows, transfer, and storage occurring on-site.[1]

Because the CITLDS-Continual Reconciliation application develops precise inventory measurements, it is capable of computing delivery volumes and meter calibration. Further, the system adjusts for the expansion and contraction of product due to temperature change on an ongoing basis. The system also identifies leakage as a continuous loss of product, as opposed to episodic delivery short- falls, theft, or excess product dispensed due to meter miscalibration.

Given that the CITLDS-Continual Reconciliation application works while the UST system is active, its leak-detection applications function differently than conventional automatic-tank-gauge and line-leak detector monitoring. Typically, volumetric monitoring of tanks and associated lines has taken place when the tank systems are dormant, an infrequent occurrence at high-volume sites. The CITLDS-Continual Reconciliation application instead relies on data from both the static and dynamic operations of the tank so that ongoing monitoring of the tank system can occur.

Because the CITLDS-Continual Reconciliation application tracks fuel products from the point of delivery to the dispenser meter, leaks from almost every component of the storage system can be detected. We have found that leaks originating in the tank shell or buried piping runs are much less common today than leaks in flexible connectors, line-leak-detector components, and dispenser components such as impact valves, unions, and meters. Though common, many of these types of leaks are often missed by traditional methods of leak detection. As a result of its ability to use all of the available data from a tank system, the CITLDS-Continual Reconciliation application is certified as an automatic tank gauge system method for monthly monitoring of tanks and associated lines for complex manifolded tank systems up to 100,000 gallons in capacity and nearly 3 million gallons in monthly throughput.

What about Non-Leak Losses?

The same data the system collects for leak detection purposes can also be used to quickly pinpoint and quantify non-leak losses. Operational problems such as mis-calibrated meters, short deliveries, and theft at the pump occur with far greater frequency than leakage, and their costly effects can mount up quickly at a high-throughput site.

For example, an active dispensing position for diesel fuel could be checked for calibration by weights and measures standards and be found to be operating within the acceptable range. However, this same dispenser at an active travel center can be dispensing in excess of 300,000 gallons monthly and during that time could be giving away 650 gallons of product worth nearly $2,000.00 despite the fact that it's operating in conformance with required tolerances. The CITLDS-Continual Reconciliation application can identify such meter- drift effects because measurements are being recorded at the end of every transaction and set of overlapping transactions. Therefore, the contribution of each individual meter to inventory variations can be identified. Instances of both meter give- away and holdbacks can then be identified to the owner/operator so that they can be corrected. Further, because the duration of transactions is also recorded, dispenser flow rates can be determined to identify clogged filters or problems with flow limiters.

Theft is also common at the point of delivery or at the dispenser, particularly in this era of volatile fuel pricing. While delivery shortfalls may be apparent to the operator of a low- throughput site, they are difficult to identify at a very active facility taking more than one delivery a day. Similarly, dispensers can be jiggered at remote fueling positions of high-throughput sites, resulting in unauthorized fueling transactions.

Dispenser theft at a truck-stop facility, for example, is not a trivial event, since the losses of each individual event could be greatly in excess of 100 gallons of product. The CITLDS-Continual Reconciliation application can calculate on an amount of product delivered to a tank system as well as identify theft events by date, time, and amount.

[1] *U.S. and foreign patents apply.*

Marrying Business and Environmental Concerns

Continual reconciliation has an important role for volumetric leak-detection monitoring in high- throughput UST systems. It is a way to motivate tank owner/operators to pay attention to leak detection. As a result of the reconciliation system's ability to identify specific reasons for loss of product—be it piping or dispenser or theft or meter drift—a report of leakage becomes more visible and understandable to the businessperson who owns or operates that site. Leak detection is enfolded into everyday business practices. If a situation develops at a high-through- put site, the operator can quickly direct his/her attention to the problem at hand rather than undertake a protracted "hit-or-miss" investigation that could allow a leak to persist. It is a win-win solution for both the businessperson and the environment. Currently the Continual Reconciliation application is in use at thousands of travel centers nationwide as well as at high-volume convenience stores and truck terminals.

To find out more about this leak-detection option, go to the National Work Group on Leak Detection Evaluation's website at www.nwglde.org and look under the methods listed for Continuous In-Tank Leak Detection Systems. ★

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Bill has contributed to the evolution of technologies, standards, and regulations pertaining to tank systems and their operation for more than 30 years. He's a sought-after industry speaker and has been called as an expert witness in underground storage tank litigation and arbitration proceedings. He advises industry decision makers about best practices in fuel management and specializes in issues at high-throughput sites. His expertise and commitment drive the company's continued technical progress and exceptional service ethic. Bill works directly with our engineers and statisticians to solve the petroleum retail industry's most complex problems.

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This is the End … of Chevron Deference. What Does It Mean and What Comes Next?

BY JIM SANDY, MICHAEL BLUMENTHAL, DOUGLAS CHARNAS, AND DAVID WAXMAN, MCGLINCHEY STAFFORD

On June 28, 2024, in a maximalist decision that went further than even the most ardent opponents of Chevron deference thought possible, the Supreme Court finally and emphatically overruled Chevron deference, the watershed rule that governed the level of deference afforded to administrative agency interpretation of ambiguous statutes for nearly forty years.

The Court's decision will have an immediate and lasting impact on executive agency interpretations of ambiguous federal statutes, as well as, potentially, on hundreds, if not thousands of prior decisions decided on Chevron deference grounds and the future of the administrative state in America.

An Emphatic Rejection of Judicial Deference to Agency Interpretation

Chevron deference, established in 1984, required courts to defer to "permissible" agency interpretations of the statutes those agencies administer, even when a reviewing court reads the statute differently. This principle of deference to administrative agencies has been a cornerstone of administrative law for nearly four decades and one that Chevron opponents had looked to overturn for years.

Enter *Loper Bright Enterprises, Inc. v. Raimondo and Relentless, Inc. v. Dep't of Commerce*, a pair of cases that sought to overturn *Chevron* deference once and for all. As the Court's questions at oral argument made clear, Chevron deference was on borrowed time. Even so, the majority opinion in Loper Bright and Relentless, Inc. represents an emphatic rejection of agency deference ushered in by Chevron and its progeny.

Chief Justice Roberts' majority opinion focused on not only the history of statutory interpretation in this Country, but also the creation of the Administrative Procedures Act (APA), as well as what the majority viewed as the unworkability of Chevron deference in its current form. The Chief Justice first noted that Article III was always interpreted to vest in the courts the power to interpret what a law means. Despite this, Chief Justice Roberts noted that courts have always understood that some deference was afforded to the Executive Branch's interpretation of statutes. But, according to the Chief Justice, that deference was not unlimited. Rather, "[t]he views of the Executive Branch could inform the judgment of the Judiciary, but did not supersede it." The majority opinion explained that this version of agency deference continued throughout the New Deal era, further noting that when deference was given to an agency, it was to fact-based inquiries, not questions of law.

The APA was enacted in 1946 "as a check upon administrators whose zeal might otherwise have carried them to excesses not contemplated in legislation creating their offices." As Chief Justice Roberts noted, under the APA, courts utilize their own judgment in deciding questions of law, notwithstanding an agency's interpretation of the particular law. In the majority's view, the APA: "makes clear that agency interpretations of statutes—like agency interpretations of the Constitution—are not entitled to deference. The APA's history and the contemporaneous views of various respected commentators underscore the plain meaning of its text." This reasoning, according to the majority, supports a de novo (i.e., no deference given) review standard of an ambiguity's meaning in a particular statute.

Despite this, the Court did note that some degree of agency deference **may** still be appropriate in certain circumstances. As the Chief Justice explained:

> *Courts exercising independent judgment in determining the meaning of statutory provisions, consistent with the APA, may—as they have from the start—seek aid from the interpretations of those responsible for implementing particular statutes. And when the best reading of a statute is that it delegates discretionary authority to an agency, the role of the reviewing court under the APA is, as always, to independently interpret the statute and effectuate the will of Congress subject to constitutional limits.* ▶

The court fulfills that role by recognizing constitutional delegations, fixing the boundaries of the delegated authority, and ensuring the agency has engaged in " 'reasoned decision making' " within those boundaries.

According to the majority, Chevron cannot be reconciled with the text and framework of the APA because it requires a court to "ignore, not follow" the reading of the text the court would have reached if it exercised its own independent judgment as the APA (and Article III) require. The Court further rejected the claim that statutory ambiguities are implicitly delegated to agencies as Chevron presupposes.

Not only did the majority find that Chevron contradicts the mandates of the APA, but it also rejected the Government's (and dissents') arguments in support of the continued viability of Chevron deference. For instance, the majority disagreed that agency experts are better suited to decide and interpret tough and complicated statutory questions. According to Chief Justice Roberts, "agencies have no special competence in resolving statutory ambiguities. Courts do," and "even when an ambiguity happens to implicate a technical matter, it does not follow that Congress has taken the power to authoritatively interpret the statute from the courts and given it to the agency." The Court further rejected the claim that such interpretations should be made by policymakers as opposed to unelected judges, noting that "[r]esolution of statutory ambiguities involves legal interpretation, and that task does not suddenly become policymaking just because a court has an 'agency to fall back on.'"

What About Consistency?

What about the so-called consistency that adherents claim comes with applying *Chevron* deference? According to the majority, it provides no such consistency at all. Rather, because *Chevron* deference is so indeterminate and sweeping, the Court has had to consistently amend and revise the test, "transforming the original two-step into a dizzying breakdance." The Court was also not persuaded that its decision would have any impact on the more than 18,000 lower court cases decided on *Chevron* deference grounds. According to the majority, a party seeking to challenge one of those rulings must establish a "special justification" to do so, and the end of *Chevron* deference does not constitute such a justification.

Finally, the majority rejected the argument that stare *decisis* warranted saving *Chevron* from the chopping block, noting that *Chevron* is "unworkable;" that there has not been, according to the majority, a meaningful reliance on *Chevron* in recent years by the Court; and that it has been chipped away at over the years, which calls into question its continued validity and reliance by lower courts.

A Fiery Dissent

Justice Kagan pulled no punches in her dissent and took the majority to task for, in her opinion, giving "itself exclusive power over every open issue—no matter how expertise-driven or policy-laden—involving the meaning of regulatory law." As Justice Kagan explained:

Its justification comes down, in the end, to this: Courts must have more say over regulation—over the provision of health care, the protection of the environment, the safety of consumer products, the efficacy of transportation systems, and so on. A longstanding precedent at the crux of administrative governance thus falls victim to a bald assertion of judicial authority. The majority disdains restraint, and grasps for power.

Justice Kagan also emphatically disagreed with both the majority's rationale as well as its disregard, in her opinion, for what comes next with the end of *Chevron* deference. For instance, she disagreed with the majority that section 706 of the APA mandated a court to utilize a de novo standard when deciding an agency's interpretation of an ambiguous statute. The dissent also vehemently disagreed with the majority's contention that courts are in a better position to resolve statutory ambiguities than the so-called agency experts.

As well, the dissent took the majority to task for not adhering to stare *decisis*, claiming that *Chevron* was entitled to a particularly strong form of reliance because (1) Congress has had opportunities to overrule it in the past but has declined to do so; and (2) the Court, and lower courts, have continued to rely on Chevron deference in thousands of decisions. And what about the justification that the Court had not relied on Chevron lately?

According to Justice Kagan, that was all by design:

This Court has "avoided deferring under Chevron since 2016" (ante, at 32) because it has been preparing to overrule Chevron since around that time. That kind of self-help on the way to reversing precedent has become almost routine at this Court. Stop applying a decision where one should; "throw some gratuitous criticisms into a couple of opinions"; issue a few separate writings "question[ing the decision's] premises" (ante, at 30); give the whole process a few years . . . and voila!—you have a justification for overruling the decision.

Justice Kagan likewise found little comfort in the majority's attempt to insulate prior Chevron-based decisions from being collaterally attacked, noting that finding a "special justification" to warrant overturning such precedent is a low burden to meet.

What Comes Next?

The decision is expected to impact a wide range of regulatory environments, from environmental protections and healthcare to maritime, securities, tax, financial regulations, and a litany of other federally regulated areas. Federal agencies will now face closer scrutiny and potentially more frequent legal challenges when interpreting ambiguous statutes. Moreover, federal district and circuit courts do not always agree and this will result in inconsistent application of regulations throughout the country. This, in turn, will result in more issues needing to be resolved by the Supreme Court.

Perhaps unsurprisingly, the Court did not replace *Chevron* deference with another test for courts to apply when confronted with an ambiguous statute and an agency's interpretation of the same. Rather, it appears that when faced with ambiguity in a statute, pursuant to the APA, courts will utilize the normal tools of statutory interpretation to decide what the ambiguity means, and that no deference will ordinarily be given to an administrative agency's interpretation of the ambiguity.

Notably, the majority did find that in some circumstances (like when Congress expressly authorizes it) deference may be appropriate to an administrative agency. Regardless, it is likely that the end of *Chevron* deference will turbo-charge forum shopping. Plaintiffs hostile to an agency's particular statutory interpretation or final rule will most likely seek out sympathetic courts, whereas those seeking to upload an agency's decision will look for courts traditionally more deferential to the Executive Branch.

And what about those 18,000 plus cases previously decided on *Chevron* deference grounds? While there certainly may be defenses the Government can raise (e.g. laches, statute of limitations) to a belated challenge, the dissent's worry that a requirement of a "special justification" to overturn such precedent amounts to no justification at all is well-founded. Indeed, a court hostile to a particular agency or its interpretation can easily come up with a rationale it labels as a "special justification" to overturn an old C*hevron*-based decision, should it choose to do so. And as Solicitor General Prelogar stated at oral argument, litigants almost assuredly "will come out of the woodwork" to challenge Chevron-based decisions.

As well, Loper Bright and Relentless, Inc., at least on paper, represent a seismic shift in power in Washington. Under *Chevron*, the Executive Branch's interpretation of statutory ambiguities was given heightened deference. Now that interpretation belongs almost exclusively to the judicial branch to, in the words of Justice Kagan, decide hyper-technical questions like "[w]hen does an alpha amino acid polymer qualify as such a 'protein'" under the Public Health Services Act, or "[h]ow much noise is consistent with 'the natural quiet'" that the Department of the Interior must regulate from aircraft flying over the Grand Canyon?

Finally, while this decision represents an emphatic rejection of agency deference, the majority did concede that agency deference is appropriate in certain circumstances. Indeed, Chief Justice Roberts made clear that Skidmore deference (in which courts grant a modicum of deference to an agency's statutory interpretation "to the extent that it has the 'power to persuade'") remains alive and well. Moreover, the Court's opinion makes clear that Congress is free to delegate authority to the Executive Branch to interpret the meaning of certain statutes. It remains to be seen how often courts will utilize *Skidmore* deference moving forward when confronted with agency interpretation of ambiguous statutes. ★


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