



Testimony of

**John Eichberger,
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before the

Senate Committee on Energy and Natural Resources

April 7, 2011

**Hearing to review Department of Energy biofuel
programs and biofuel infrastructure issues, and to
consider S. 187, the Biofuels Market Expansion Act of
2011**

SUMMARY OF TESTIMONY OF JOHN EICHBERGER, NACS

- NACS members make decisions each day regarding what products to sell and which services to offer their customers. But taking a chance by offering a new candy bar is very different from switching their fueling infrastructure to accommodate a new fuel. For this reason, and many others, they are often slow to adopt new fuel products until they are certain sufficient consumer demand exists to provide a reasonable return on their investment – an investment which in many cases can be significant.
- Our industry is committed to complying with today’s laws and regulations, to provide our customers with the best products and services we can offer and to adapt to new technologies and market opportunities as they arise. NACS members are not beholden to any specific product – they simply desire to sell what the customer wants to buy provided it is lawful and, hopefully, profitable to do so. As new fuels come onto the market, our members want to have the legal option to sell these fuels if their customers wish to buy them.
- Retailers face many challenges when considering whether to sell a new fuel and these challenges must be overcome if the goals of the RFS are to be realized. Among these issues are the compatibility of retail storage and dispensing equipment; associated risks of a customer fueling a non-authorized engine with a new fuel; and associated risks of retroactive liability if today’s laws governing the sale of such fuels change in the future.
- S. 187 highlights many of the issues standing in the way of new fuels, specifically the compatibility of engines to run on higher-blend ethanol fuels and the availability of these fuels at retail facilities. The discussion generated by this legislation is critical to finding the right solutions. Although NACS believes S. 187 misses the mark with its proposed solutions, we believe from this discussion other ideas can be developed that will move the market in the right direction and prepare it to accommodate new fuels.
- Proposals to set a fuel specification of the future would enable engine and equipment manufacturers time to build units that can accommodate the new fuel. NACS believes this is an interesting concept and if sufficient lead time were provided could yield some positive outcomes. However, NACS cautions against dictating specifically which fuel should be the “fuel of the future” since making such a decision based upon currently available technologies could undermine innovation and prevent the emergence of new fuel products that are more suitable to the nation’s objectives and require less investment in infrastructure modifications. NACS is also concerned about the consequences of requiring another wholesale change in existing infrastructure to accommodate the new fuels.
- NACS urges Congress to consider proposals that will allow retailers to have existing equipment evaluated and certified as compatible with new fuels, thereby eliminating some of the costs associated with necessary replacements; protect market participants from liability in the event self-service consumers ignore warning notices and misfuel their vehicles; protect market participants from retroactive liability should today’s laws governing fuel sales change in the future; and promote development of new fuel products that are more compatible with existing vehicles and infrastructure.

INTRODUCTION

Chairman Bingaman, Senator Murkowski and members of the Senate Energy and Natural Resources Committee. Thank you for the opportunity to present to you the perspective of the convenience and fuel retailing industry concerning the future of renewable and alternative fuels in the United States.

My name is John Eichberger and I am Vice President of Government Relations for the National Association of Convenience Stores (NACS). NACS is an international trade association comprised of more than 2,200 retail member companies and more than 1,800 supplier companies doing business in nearly 50 countries.

As of December 31, 2010, the U.S. convenience and fuel retailing industry operated 146,341 stores of which 117,297 (80.2%) sold motor fuels. In 2009, our industry generated \$511 billion in sales (one of every 28 dollars spent in the United States), employed more than 1.5 million workers and sold approximately 80% of the nation's motor fuel.

Our industry is dominated by small businesses. In fact, of the convenience stores that sell fuel, 57.5% of them are single-store companies – true mom and pop operations. Despite common misperceptions, the large integrated oil companies are leaving the retail market place and today own and operate fewer than 2% of the retail locations. Although a store may sell a particular brand of fuel associated with a refiner, the vast majority are independently owned and operated and the relationship to the fuel brand they sell ends there. The rest have sought to establish their own brand in the market.¹

NACS members make decisions each day regarding what products to sell and which services to offer their customers. But taking a chance by offering a new candy bar is very different from switching their fueling infrastructure to accommodate a new fuel. For this reason, and many others, they are often slow to adopt new fuel products until they are certain sufficient consumer demand exists to provide a reasonable return on their investment – an investment which in many cases can be significant.

Our industry is committed to complying with today's laws and regulations, to provide our customers with the best products and services we can offer and to adapt to new technologies and market opportunities as they arise. NACS members are not beholden to any specific product – they simply desire to sell what the customer wants to buy provided it is lawful and, hopefully, profitable to do so. As new fuels come onto the market, our members want to have the legal option to sell these fuels if their customers wish to buy them.

It is with this background that NACS approaches the discussion about the future of renewable fuels. In this testimony, I will outline the challenges facing the retail motor fuel marketplace as it tries to accommodate the demands of the Renewable Fuel Standard (RFS), evaluate different legislative proposals designed to help overcome these challenges and provide NACS recommendations for policies that will assist the market transition to new, renewable and sustainable fuels.

¹ See Attachment 1.

THE BLEND WALL

Since enactment of the Energy Independence and Security Act (EISA) of 2007, Washington has been discussing the pending arrival of the blend wall – that point beyond which the market cannot absorb any additional renewable fuels. We can now say unequivocally that we are there.

The 2011 statutory mandate for the RFS is 13.95 billion gallons. If 10% ethanol were blended into every gallon of gasoline sold in the nation in 2010, we would max out at 13.85 billion gallons.² Meanwhile the market for higher blends of ethanol for flexible fuel vehicles (FFVs) has not developed as rapidly as some had hoped and there are few indications for a rapid expansion. So clearly we have a problem.

The recent decision by EPA to authorize the use of E15 in certain vehicles and engines does very little to expand the use of renewable fuels. This is primarily because there are many barriers to the introduction of E15 that must be overcome before it is fully legal or advisable for it to be sold³ and the number of markets into which it may be sold are extremely limited.⁴

But let's imagine for a moment that all barriers to E15 are removed, it can be used in all engines and it becomes ubiquitous in the market. At 15% maximum blend, we still can only blend 20.78 billion gallons of renewable fuels. While this would buy us four additional years of compliance with the RFS schedule, it is far short of the 36 billion gallons ultimately required.

That leaves us with the real issue facing us today – How can we get from here to there in a way that benefits consumers, our energy security and our economy?

One of the primary challenges facing the fuels market is the lack of planning that goes into establishing energy policy. The RFS was developed to promote energy independence, reduce our reliance on fossil fuels and benefit the environment. It set ambitious goals and focused on the materials used to produce our fuel. It did not, however, take into consideration how the fuel would be delivered into the consumer's vehicle. The distribution and retail infrastructure was largely ignored in favor of broader policy issues, yet it is precisely this component of the system that is presenting some of the greatest obstacles to successful implementation of the program.

Our backs are now to the wall, so to speak. We recognize there are infrastructure issues that must be addressed: more than 160,000 retail facilities, 230 million vehicles and hundreds of millions of small engines are incapable of accommodating any additional renewable fuels.

² U.S. Energy Information Administration Product Supplied 2010, Finished Motor Gasoline: 3.297 billion barrels (http://www.eia.doe.gov/dnav/pet/pet_cons_psup_dc_nus_mbbbl_a.htm)

³ See Attachment 2.

⁴ Once E15 is officially registered and satisfies the various conditions required by EPA for sale in the market, other factors will continue to limit its availability. These include: 1) the Federal Reformulated Gasoline Program's complex model for emissions characteristics must be amended to accommodate E15; 2) The Clean Air Act's Reid Vapor Pressure one pound allowance afforded to gasoline blended with 9-10% ethanol must be amended to apply to fuels with up to 15% ethanol, otherwise such fuels would violate air quality control programs in many states and counties; 3) The California Reformulated Gasoline program does not allow for ethanol concentrations above 10%; and 4) Various contractual obligations with supplier companies may reduce the ability of branded retail outlets (representing approximately 50% of retail facilities) to sell fuels containing more than 10% ethanol.

So what policies can Congress consider that will help bridge the gap between what we can do and what we are required to do by law? Before we can answer that question, it is critical to understand the challenges that face the retail infrastructure.

INFRASTRUCTURE LIMITATIONS

1) Compatibility

The reason the retail market is unable to accommodate additional volumes of renewable fuels begins with the equipment found at retail stations. By law, all equipment used to store and dispense flammable and combustible liquids must be certified by a nationally recognized testing laboratory. These requirements are found in regulations of the Occupational Safety and Health Administration.⁵

Currently, there is essentially only one organization that certifies such equipment – Underwriters Laboratories (UL). UL establishes specifications for safety and compatibility and runs tests on equipment submitted by manufacturers for UL listing. Once satisfied, UL lists the equipment as meeting a certain standard for a certain fuel. Prior to last spring, UL had not listed a single motor fuel dispenser (a.k.a, pump) as compatible with any fuel containing more than 10% ethanol. This means that any dispenser in the market prior to last spring is not legally permitted to sell E15, E85 or anything above 10% ethanol – even if it is technically able to do so safely.

If a retailer fails to use listed equipment, that retailer is violating OSHA regulations and may be violating tank insurance policies, state tank fund program requirements, bank loan covenants, and potentially other local regulations. Furthermore, if the retailer experiences a petroleum release from that equipment, he could be sued on the grounds of negligence for using non-listed equipment, which would subject him to penalties above and beyond the cost of remediation.

This brings us to the primary challenge: If no dispenser prior to early 2010 was listed as compatible with E10+ fuels, what options are available to retailers to sell E10+ fuels?

In February 2009,⁶ UL issued a letter announcing that dispensers listed under a certain UL standard as compatible with E10 were in fact safe to handle fuels containing up to 15% ethanol. UL said that it would support “local authorities having jurisdiction” to provide waivers to retailers who wished to increase their ethanol blends through these dispensers. UL did not, however, change the official certification of those dispensers. Consequently, retailers who relied upon local authority waivers would still be in violation of all laws and regulations requiring listed equipment.

⁵ 29CFR1926.152(a)(1) “Only approved containers and portable tanks shall be used for storage and handling of flammable and combustible liquids.” “Approved” is defined at 29CFR1910.106 (35) “Approved unless otherwise indicated, approved, or listed by a nationally recognized testing laboratory.”

⁶ Underwriters Laboratories.

(http://www.ul.com/global/eng/pages/corporate/newsroom/newsitem.jsp?cpath=%2Fglobal%2Feng%2Fcontent%2Fcorporate%2Fnewsroom%2Fpressreleases%2Fdata%2Funderwriterslaboratoriesannouncessupportforauthoritieshavi ngjurisdiction20090219140900_20090219140900.xml)

However, in December 2010⁷ UL rescinded that notice based upon new research that indicated issues with gaskets, seals and hoses when exposed to E15. UL now recommends that only equipment specifically listed by UL as compatible with E10+ fuels be used for such fuels.

Unfortunately, this places a significant economic burden on the retail market. UL policy prevents retroactive certification of equipment. In other words, only those units produced after UL certification is issued are so certified – all previously manufactured devices, even if they are the same model, are subject only to the UL listing available at the time of manufacture. This means that no retail dispensers, except those produced after UL issued a listing last spring, are legally approved for E10+ fuels.

In other words, under current requirements any retailer wishing to sell E10+ fuels must replace their dispensers. On average, a retail motor fuel dispenser costs approximately \$20,000.

It is less clear how many underground storage tanks and associated pipes and lines would require replacement. Many of these units are manufactured to be compatible with high concentrations of ethanol, however they may not be listed as such. Further, if there are concerns with gaskets and seals in dispensers, care must be given to ensure the underground gaskets and seals do not pose a threat to the environment. Once a retailer begins to replace underground equipment, the cost can escalate rapidly and can easily exceed \$100,000 per location.

2) Misfueling

The second major issue facing retailers is the potential liability associated with improperly fueling a vehicle with a non-approved fuel. The EPA decision concerning E15 puts this issue into sharp focus for retailers. Under EPA's partial waiver, only vehicles manufactured in model year 2001 or more recently are authorized to fuel with E15. Older vehicles, motorcycles, boats, and small engines are not authorized to use E15.

For the retailer, bifurcating the market in this way presents serious challenges. How does the retailer prevent the consumer from buying the wrong fuel? Typically, when new fuels are authorized they are backwards compatible so this is not a problem. In other words, older vehicles can use the new fuel.

Example 1: When EPA phased lead out of gasoline in the late 1970s and early 1980s, older vehicles were capable of running on unleaded – newer vehicles, however, were required to run only on unleaded. These newer vehicle gasoline tanks were equipped with smaller fill pipes into which a leaded nozzle could not fit – likewise, unleaded dispensers were equipped with smaller nozzles.

Example 2: When EPA mandated a 97% reduction in the sulfur content of on-road diesel fuel, trucks manufactured beginning with model year 2007 were required to use only ultra low sulfur diesel (ULSD) fuel. Earlier model trucks were able to run on this new fuel. Misfueling was limited by a combination of a mandated oversupply of ULSD (which

⁷ Underwriters Laboratories.
(<http://www.ul.com/global/eng/pages/offerings/industries/energy/alternative/flammableandcombustiblefluids/updates/>)

limited the supply of the restricted fuel and therefore limited the potential for misfueling) and enforced labeling requirements.

E15 is very different – legacy vehicles are not permitted to use the new fuel. Doing so will violate Clean Air Act standards and could cause engine performance or safety issues. Yet, there are no viable options to retroactively install physical countermeasures to prevent misfueling. Further, the risk to retailers of a customer using E15 in the wrong engine – whether accidentally or intentionally - are significant.

First of all, retailers could be subject to penalties under the Clean Air Act for not preventing a customer from misfueling with E15. This concern is not without justification. In the past, retailers have been held accountable for the actions of their customers. For example, because unleaded fuel was more expensive than leaded fuel, some consumers physically altered their vehicle fill pipes to accommodate the larger leaded nozzles either by using can openers or by using a funnel while fueling. The retailer had no ability to prevent such behavior, but the EPA often levied fines against the retailer for not physically preventing the consumer from bypassing the misfueling countermeasures.

To EPA's credit, they have asserted that they would not be targeting retailers for consumer misfueling. But that provides little comfort to retailers – EPA policy can change in the absence of specific legal safeguards. Further, the Clean Air Act includes a private right of action and any citizen can file a lawsuit against a retailer who does not prevent misfueling. Whether the retailer is found guilty does not change the fact that defending against such claims can be very expensive.

Furthermore, the consumer may seek to hold the retailer liable for their own actions. Using the wrong fuel could void an engine's warranty, cause engine performance problems or even compromise the safety of some equipment. In all situations, some consumer may seek to hold the retailer accountable even when the retailer was not responsible for the improper use of the fuel. Once again, the defense to such claims can be expensive.

3) General Liability Exposure

Finally, there are widespread concerns throughout the retail community and with our product suppliers that the rules of the game may change and we could be left potentially exposed to significant liability. For example, E15 is approved only for certain engines and its use in other engines is prohibited by the EPA due to associated emissions and performance issues.

What if E15 does indeed cause problems in non-approved engines or even in approved engines? What if in the future the product is determined defective, the rules are changed and E15 is no longer approved for use in commerce? There is significant concern that such a change in the law would be retroactively applied to any who manufactured, distributed, blended or sold the product in question.

Retailers are hesitant to enter new fuel markets without some assurance that their compliance with the law today will protect them from retroactive liability should the law change in the future. It seems reasonable that law abiding citizens should not be held accountable if the law

changes in the future. Congress could help overcome significant resistance to new fuels by providing assurances that market participants will only be held to account for the laws as they exist at the time and not subject to liability for violating a future law or regulation.

RESOLVING THE CHALLENGES

While these challenges facing the retail market are significant, they are not insurmountable. Several proposals have been put on the table by Members of Congress or other stakeholders, and each deserves consideration. While none may be a solution by itself, there are elements within each that can help guide the discussion towards a solution that might benefit all stakeholders and help achieve the national objectives.

S. 187, The Biofuels Market Expansion Act of 2011

The Biofuels Market Expansion Act of 2011 (S. 187) seeks to require the production of additional flexible fuel vehicles that can run on anything from E0 – E85. This section seeks to increase the potential demand for higher blends of ethanol. This is a critical factor because when retailers are considering the introduction of a new product they want to know if their customers can and will buy that product. By expanding the number of customers who “can” buy the product, part of this equation is addressed. The other component (will the customer buy the product?) is much more difficult to quantify, but the legislation is trying to make some progress by expanding the customers’ ability to buy the product.

But is a production mandate necessary? Perhaps not. The domestic auto manufacturers are committed to increasing the volume of FFVs on the road and they do receive fuel economy credits for doing so. What incentives might Congress consider to encourage foreign auto makers to bring FFVs to the U.S.? The incremental cost of an FFV compared to a regular gasoline engine is quite low so perhaps the incentive would be cost effective.

Another option that could be considered to increase the number of FFVs on the market is to review the EPA approval process for after-market conversion kits. There are companies making kits to retrofit legacy vehicles to run on higher ethanol blended fuels, but the approval process is quite costly and burdensome. Perhaps Congress can review policies that would expedite the availability of such retrofit kits and provide consumers an incentive to convert their vehicles to run on both gasoline and higher ethanol-blended fuels. The cost of doing so is not prohibitive and this could help increase the number of FFVs on the market, thereby improving the economic calculation for the retailer.

Another component of the bill addresses the availability of higher ethanol blended fuels. One of the complaints the auto makers have raised is that their FFV customers have few options to refuel with E85. That is true, but I must point out that there is no requirement for customers to fuel with E85 (unlike with the transitions to unleaded and ULSD) and their purchase decisions are predominantly driven by economics. In many markets, the economics of E85 do not enable the product to remain competitive with gasoline and E85 retailers often watch FFV customers fuel with regular gasoline, rendering their investment in E85 infrastructure moot.

S. 187 tries to address concerns about the limited availability of higher blended ethanol fuel by requiring that refiners pay for the installation of blender pumps capable of selling these fuels.⁸ The bill stipulates that a certain percentage of the stations directly owned by the refiner, as well as those owned by independent operators selling the refiner’s brand of fuel, install blender pumps. It further establishes a grant program for independent non-branded operators to install blender pumps.

While it is clear that the bill is trying to bring ethanol dispensers to market without placing a financial burden on independent retailers, it fails to recognize that costs incurred upstream will be passed through to the retailers and ultimately the consumer. So how much will S. 187 potentially cost?

According to the National Petroleum News’ Market Facts 2010 report,⁹ in 2009 the top 15 refiner brands were sold through 83,150 branded locations. S. 187 would require that 10% of these locations install a blender pump by 2014; 20% by 2016; 35% by 2018 and 50% by 2020.

To estimate the potential cost of this program, we can use a very rough estimate that a new UL listed blender pump will cost approximately \$20,000. Replacing the underground equipment at each site could cost on average \$100,000. The total cost per location could be \$120,000. In this worst case scenario, the associated costs to the industry and, ultimately, consumer would be:

Year	Locations Mandated	Cumulative Cost
2014	8,315	\$0.997 B
2016	16,630	\$1.995 B
2018	29,102	\$3.492 B
2020	41,575	\$4.989 B

For the independent, non-branded locations the legislation creates a grant program to help offset the cost of installation of a compatible blender pump and associated equipment including tanks, offering 50% of the entire cost of the project. Understandably, and in keeping with reasonable public policy, those who accept the federal cost share must commit to selling an eligible fuel through the new equipment for at least two of the subsequent four years.

While many retailers will seek to avail themselves of federal financial assistance, grant programs come with challenges for the retailer. In some situations, the retailer may wish to try offering his customers a new fuel. But if that fuel is not successful, the retailer may wish to revert to the original product offering. Under the grant program, this is not easy to do. Consequently, a grant program may provide some benefits to retailers who are already committed to selling a new fuel,

⁸ “Blender pumps” are dispensers that can mix liquid fuel products from multiple storage tanks to produce another product. The most popular example is a blender pump using Premium gasoline and Regular octane gasoline to produce Mid-grade. In the case of S. 187, a blender pump would conceivably use a higher ethanol blended fuel product (perhaps E85) and mix it with a lower ethanol blended fuel product (E10) to produce a mid-level ethanol product. The blend ratios are set by the owner of the dispenser to provide the consumer with a pre-set selection of fuel blends. Some misunderstand this technology and assume the consumer will be able to adjust the blend ratio to their preference. This would create significant challenges and involve multiple regulatory agencies.

⁹ See attachment 3.

but because of its conditions it may not have much influence over those who are not convinced a new fuel is the right decision for their store.

While NACS does not believe S. 187 hits the target with its approach to the issues, we believe it helps highlight the core problems facing the retail market and the introduction of new fuels. But perhaps there is a better approach.

Prospective Compatibility Requirements

Another proposal that has been floated and might be under consideration by some members of this committee is to set a target date at which time a new renewable fuel blend will be authorized and engines will be engineered to run on that fuel. For example, it could stipulate that E40 will be approved and engines will be designed to run on it by year 2016.

This approach is very interesting. If developed appropriately, it could provide auto and other engine manufacturers sufficient lead time to calibrate their products to run on the new fuel. In addition, the new engines can be engineered with physical misfueling countermeasures that can help limit the incidence of consumers using the wrong fuel in their engines.

Such a proposal also could eliminate the stair step process that will inevitably occur in our efforts to reach the goals of the RFS – a process begun with the E15 rule and that will likely initiate a new battle with each subsequent step. A necessary component of such a strategy would be to amend the implementation schedule of the RFS to provide sufficient time for the new fuel to enter the market.

For these reasons, it is a worthy of further consideration to see if remaining issues can be resolved. However, these remaining issues are primarily found at the retail level of trade and may be the most challenging to overcome. For if the current infrastructure is unable to accommodate E15, how likely is it to be able to accommodate a fuel formulation that would ultimately satisfy the RFS, such as E30 or E40?

Once again, we find ourselves trying to adjust an infrastructure composed of 160,000 retail outlets to a new fuel formulation that might not be compatible with the underground storage tanks, pipes and dispensers currently in use.

Considering that the typical store operates eight fueling position through four dispensers, we can estimate a total retail dispenser population of 640,000. How many of these will have to be replaced? If only UL-listed devices are allowed to sell these products, one can assume nearly all of them would have to be replaced.

Further, according to EPA's Office of Underground Storage Tanks, there are 215,000 sites in the U.S. (retail plus non-retail) that operate approximately 597,000 active underground storage tanks.¹⁰ How many of these will have to be replaced? It is uncertain how many are listed as compatible with anything higher than E10, so one would have to assume the majority would have to be replaced.

¹⁰ U.S. Environmental Protection Agency Office of Underground Storage Tanks "FY 2010 Annual Report on the Underground Storage Tank Program" (http://www.epa.gov/oust/pubs/fy10_annual_ust_report_3-11.pdf)

Congress must take into consideration that it was not long ago (1988-1998) that federal law required that all USTs in the country be removed from the ground and retrofitted with leak detection, spill prevention and anti-corrosion systems. The wholesale retrofit requirements led to the closure of thousands of facilities due to the costs required to comply with the new law. Since then, many states have enacted additional requirements that have forced retailers to retrofit or replace the systems that were installed to comply with the federal law. Another round of mandatory replacements will be a very hard sell.

Using the same estimated costs applied to the requirements under S. 187 (\$20,000 per dispenser and \$100,000 per UST system), one could estimate the cumulative cost of a wholesale retrofit of the entire fuel dispensing infrastructure to be \$12.8 billion for dispensers and \$59.7 billion for UST systems. In addition, it would likely take 10 – 15 years to roll-over the existing infrastructure.

For the individual store owner who might operate two underground storage tanks and four dispensers, the cost could be upwards of \$200,000. In 2009, an average a single convenience store reported approximately \$33,000 in pre-tax profits. That is only a small fraction of the cost such a contemplated upgrade would require.

NACS further cautions against picking one specific fuel as the “fuel of the future.” Rather, it would be more constructive to identify key characteristics of the new fuel to which engines and equipment could be manufactured, set the timeline for attaining the goal, and allow technology, science and the market determine which fuel will be the sustainable choice. It most definitely will be a renewable, cleaner burning fuel that will help achieve the overall objectives of national energy policy.

As discussions on these strategies continue, it would be in the best interests of consumers and the economy as whole to consider alternatives that could alleviate the costs associated with the infrastructure retrofit.

Alternative Strategy

Under current legal requirements that equipment must be listed by a nationally recognized testing laboratory, most of the nation’s retail infrastructure must be replaced to accommodate any new fuel. However, NACS questions if that is technically required to ensure environmental health and safety?

At one time, UL believed existing dispensers could accommodate 15% ethanol without problem. Further research demonstrated challenges with some seals, gaskets and hoses. Clearly, no retailer wants their equipment to leak, but can susceptible components be replaced with compatible components and deliver a safe dispenser at a fraction of the cost for a new one?

Furthermore, many underground storage tanks are likely compatible with certain new fuels even if they are not listed as such. For example, a double wall steel tank equipped with a proper anti-corrosion system is likely compatible with any concentration of ethanol. Should such a system be required to be replaced simply because it was not originally listed for such fuels?

NACS believes that there is an opportunity to provide a lower cost of entry for new fuel blends by adjusting the legal requirements for demonstrating compatibility of retail fueling equipment. Because UL will not retroactively certify any equipment, perhaps Congress could authorize an alternative method for certifying legacy equipment. Such a method would preserve the protections for environmental health and safety, but eliminate the need to replace all equipment simply because the certification policy of the primary testing laboratory will not re-evaluate legacy equipment.

Legislation to accomplish this objective was introduced in the House of Representatives last Congress by Reps. Mike Ross (D-AR) and John Shimkus (R-IL) as H.R. 5778, the Renewable Fuels Marketing Act. This bill directed the EPA to develop guidelines for determining the compatibility of equipment with new fuels and stipulates equipment that satisfied such guidelines would thereby satisfy all laws and regulations concerning compatibility.

Such an approach would ensure that equipment used for new fuels is fully compatible with those fuels and provide retailers the possibility that does not exist today to enter new fuel markets without having to replace all of their equipment. While this approach will not resolve all compatibility issues in the market, it will provide opportunities for many retailers to avoid costly and unnecessary investments, which will in the long run save consumers money.

RECOMMENDATIONS

This transition to a new fuel market is unique in the fact that it is not backwards compatible and consumers are not required to buy the new fuel. As noted above, the transition to unleaded gasoline and ultra low sulfur diesel was accompanied by a requirement that consumers must purchase the new fuel for new vehicles. But they also were developed in such a way that older vehicles were fully capable of operating on the new fuel. Such is not the case today.

Another difference between today's transition and those of the past is the effect the new fuel blends have on the retail infrastructure. There was no need to replace tanks or dispensers when lead and sulfur were phased out of the fuel – retailers simply needed to ensure an appropriate transition of their inventories. But the transition to higher blends of ethanol poses very serious challenges due to the corrosive nature of the additive product. How to overcome this challenge must be a priority of this Congress.

To date, most policymakers focus on the future of renewable fuels and the role for ethanol in that market. This is understandable considering ethanol is the dominant renewable fuel additive and likely will be for the foreseeable future. But whether produced from corn, sugar cane or switchgrass, ethanol has chemical characteristics which negatively affect the infrastructure – both at the retail station and in the consumers' engines. This should cause Congress to pause and consider carefully in which direction it wishes to go.

NACS believes the challenges standing in the way of the RFS are surmountable, provided Congress is willing to address them directly and provide alternative pathways to achieving the national objectives. To accomplish the stated objectives of the RFS, NACS suggests Congress consider the following policies:

- Provide retailers with a mechanism to have existing storage and dispensing equipment evaluated to determine if they are technically compatible with new fuels and, if so, provide legal authority to use that equipment to sell new fuels. This will potentially save the industry, and consumers, billions in unnecessary investments.
- Provide retailers with labeling requirements for new fuels that educate and inform consumers about the authorized uses of new fuels. Ensure that compliance with such requirements will satisfy a retailer's requirements under the Clean Air Act and protect them from violations or engine warranty claims in the event a self-service customer ignores the notifications and misfuels a non-authorized engine.
- Provide market participants with regulatory and legal certainty that compliance with current applicable laws and regulations concerning the manufacture, distribution, storage and sale of new fuels will protect them from retroactive liability should the laws and regulations change at some time in the future.
- Encourage and facilitate the production and conversion of flexible fuel vehicles, thereby increasing the potential market demand for higher blends of ethanol fuels and creating a more attractive market for retailers to offer such fuels.
- Evaluate the prospects for marketing of infrastructure-compatible fuels and support the development of such fuels. These could aid compliance with the RFS and save retailers, engine makers and consumers billions of dollars. Policymakers might consider establishing characteristics that new fuels must possess so that equipment and engines can be manufactured or retrofitted to accommodate whichever new fuel provides the greatest benefit to consumers and the economy.
- Refrain from pre-selecting the "fuel of the future" and allow the market to determine the product that will most benefit consumers and the economy. To pre-select a winner based upon current available technologies will undermine innovation and prevent the market from developing a better option that may not be apparent to policymakers.

The nation's convenience and fuel retailers are ready to assist Congress in its consideration of policies that will promote a stable and efficient market for transportation fuels. There are many factors to consider and we hope that policymakers will proceed cautiously and avoid imposing unnecessary and costly burdens on the system.

Thank you for the opportunity to share our perspectives with the Committee.

Who Sells America's Fuel?



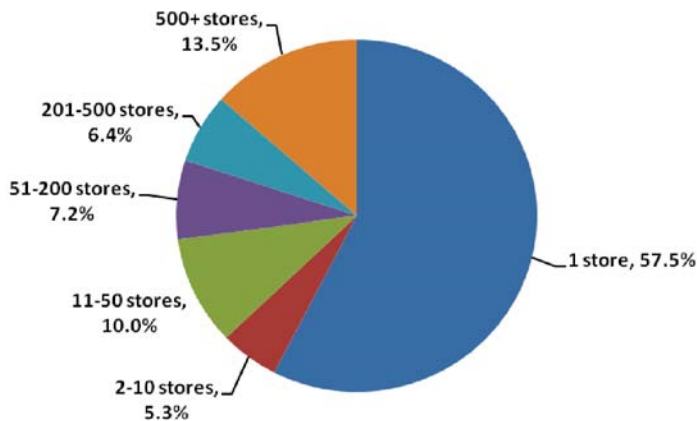
Americans, on average, fuel up their cars about five times every month at one of the country's nearly 160,000 fueling locations. So who owns and operates these stations that fuel America?

Small Businesses Fuel America

There are 117,297 convenience stores selling fuel in the United States. These retailers sell an estimated 80 percent of all the fuel purchased in the country. Overall, nearly 58 percent of the convenience stores selling fuel are single-store operators.

These small businesses often don't have the resources to brand their stores as anything beyond the brand of fuel they sell, often leading to consumer misperceptions that they are owned and operated by a major oil company.

Ownership of convenience stores selling fuel

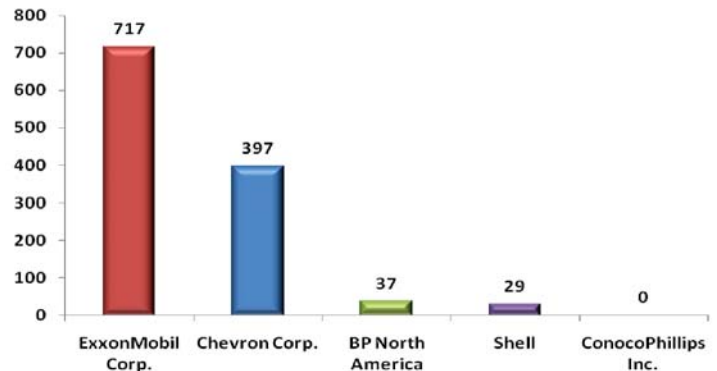


(Source: NACS/Nielsen TDLinX 2011 Convenience Industry Store Count)

Big Oil Continues to Exit Retail

Large integrated oil companies, especially since late 2007, have exited the retail business to focus more on resource production and refining operations. ExxonMobil, Shell, BP and ConocoPhillips have either begun or completed the process of selling off all of their directly operated facilities. Of the 117,297 convenience stores selling fuels, about 1,180 – 1 percent – are owned the one of the five major oil companies.

Major oil-operated retail outlets

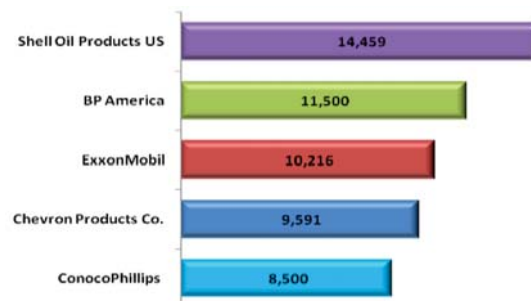


(Source: Nielsen TDLinX, May 2010)

Major Oil Keeps Its Brand Presence

While the major oil companies are withdrawing from retail, their brands remain. In fact, approximately 50 percent of retail outlets sell fuel under the brand of their refiner-supplier. Virtually all of these branded locations are operated by independent entrepreneurs who have signed a supply contract with a particular refiner/distributor to sell a specific brand of fuel, but these retailers do not share in the profit/loss of their suppliers. Of the 159,006 fueling stations in the country, approximately 34 percent have a major oil company brand, and another 18 percent carry the brand of a refining company. The remainder – 48 percent – sell a private brand. These outlets are independent business owners who have established their own fuel brand (i.e., QuikTrip, 7-Eleven) and purchase fuels either on the open market or via unbranded contracts with a refiner/distributor.

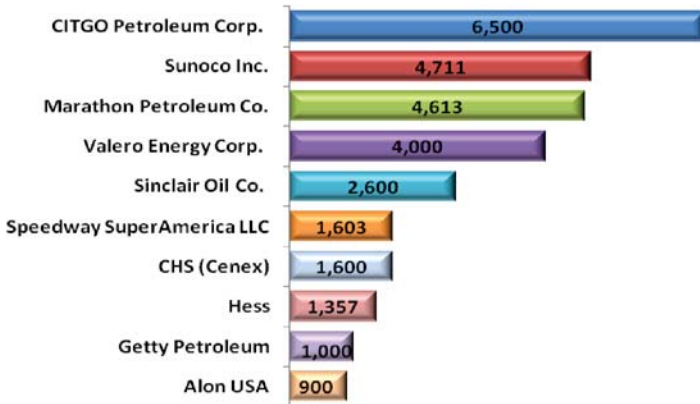
Major oil-branded retail outlets



54,266 total sites – 34 percent of fueling locations
(Source: National Petroleum News' MarketFacts 2010)



Top refiner-branded retail outlets



28,884 total sites – 18 percent of fueling locations

(Source: National Petroleum News' MarketFacts 2010)

Other Retail Channels Sell Fuels

Convenience stores sell an estimated 80 percent of the fuels purchased in the United States, and their dominance continues to grow.

In the past decade, the overall number of fueling locations (including convenience stores) has dropped 9.6 percent – from 175,941 to 159,006 sites. Meanwhile, the number of convenience stores selling fuels has increased 25.5 percent – from 93,444 to 117,297 stores.

The remainder of fuels sales in the United States is roughly split equally between traditional service stations without convenience operations and big-box retailers that sell fuels (such as Costco, Walmart and a number of grocery chains).



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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1667 K Street, NW, Suite 700
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Dan Gilligan, President
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Arlington, VA 22209-1604

Bob Dinneen, President and CEO
Renewable Fuels Association
425 Third Street SW, Suite 1150
Washington, D.C. 20024

Re: Gasoline Ethanol Blends

Dear Messrs. Eichberger, Drevna, Greco, Boyett, Gilligan, and Dinneen:

The United States Environmental Protection Agency (EPA) has recently received a number of inquiries asking whether it is currently legal for retail gasoline stations to sell gasoline blended with more than 10% ethanol for use in motor vehicles and nonroad engines. EPA has granted conditional waivers to allow the use of gasoline containing between 10% and 15% ethanol (E15) in model year 2001 and newer light-duty motor

vehicles. The conditions associated with EPA's waivers, however, have not yet been satisfied. Thus, the Clean Air Act (Act) currently prohibits the sale of gasoline containing more than 10% ethanol for use in gasoline-only vehicles and engines.¹ Selling E15 gasoline for use in certain gasoline-only vehicles and engines will only become legal when the waivers' conditions, including the elements discussed below, are met.

The conditions in the E15 waivers are designed to mitigate the potential for misfueling of E15 in vehicles, engines, and equipment for which E15 is not approved. These conditions include labeling requirements for pumps dispensing E15, product transfer document requirements, and participation in a compliance survey at fuel retail dispensing facilities to ensure proper labeling of dispensers. EPA has also published proposed regulations to promote the successful implementation of the E15 partial waivers. The proposed regulations parallel the misfueling conditions on the E15 partial waivers.

In addition, Section 211(a) of the Act, 42 U.S.C. § 7545(a), prohibits any fuel manufacturer from selling designated fuel, such as motor vehicle gasoline, unless it is registered with EPA. However, since the conditions associated with the E15 waiver have not yet been met, it remains illegal to blend more than 10% ethanol into gasoline sold for use in gasoline-only vehicles and engines. The Act does not, however, prohibit retail gasoline stations from selling gasoline blended with up to 85% ethanol for use in flexible-fueled vehicles or engines,² and it does not prohibit the sale of gasoline containing up to 10% ethanol for use in gasoline-only vehicles and engines.

Sections 211 and 205 of the Act, 42 U.S.C. §§ 7545 and 7524, authorize EPA to assess significant civil penalties for improper fuel blending. To avoid violations of the Act, EPA suggests that retail gasoline stations that sell gasoline blended with more than 10% ethanol for use in flexible-fueled vehicles or engines take appropriate steps to prevent gasoline-only vehicles and engines from being misfueled with fuel containing more than 10% ethanol.

For example, the likelihood of violations can be reduced for a retailer selling fuel containing greater than 10% ethanol if the retailer affixes warning labels to all pumps dispensing this product informing the public that the product may only be used in flexible-fueled vehicles or engines. EPA encourages fuel providers to employ other strategies at their facilities that are cost-efficient and effective in further reducing the risk of misfueling.

¹ A "gasoline-only vehicle or engine" refers to a motor vehicle or nonroad engine that has been certified by EPA to meet emissions standards using gasoline containing up to 10% ethanol.

² A "flexible-fueled vehicle or engine" refers to a motor vehicle or nonroad engine that has been certified by EPA to meet emissions standards using E85 (85% ethanol and 15% gasoline), gasoline without ethanol, or any intermediate combination of gasoline and ethanol.

If you have any questions regarding this matter, you may call Jeff Kodish, Fuels Team Leader, at (303) 312-7153.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip A. Brooks". The signature is fluid and cursive, with a large initial "P" and "A".

Phillip A. Brooks, Director
Air Enforcement Division

Station count shows big drop

EACH YEAR NPN COMPILES ITS ANNUAL STATION COUNT, A PROCESS THAT involves researching data from all 50 states and then working to verify the information. We tend to rely on a variety of sources at the state level for this data, from various governmental departments to industry state associations in some cases. It is often more of an art than a science, but the end result has been consistent and accurate within those limitations.

The annual station count significantly decreased this year by 3,344, bringing this year's total to 159,006. The changes can be readily explained by lower gas prices, thinner gas margins and a general slump in the economy.

As the recession set in over the course of 2009, the effects of the downturn are apparent in the total retail station count. Hardest hit were the station totals in the states of California, New York, Texas, South Carolina and

Kansas. All of these states reported at least roughly three hundred fewer retail gasoline sites this year.

As made very well known by the media, California has been hit hard by the residential housing market, which at some point cannot be separated from the commercial market. Some real estate experts have been saying for awhile now that commercial real estate will be the next shoe to drop in the fallout of the housing bubble. Perhaps, that can be in part an explanation for the decrease in some of the states.

Most likely, the dramatic drop in Kansas can be explained by changes and improvements in data collection practices in that state. This can be concluded for two reasons: the number reported remained stagnant for a few years and the totals in other Midwestern states surrounding Kansas remained relatively stable.

2010 NPN Station Count (a)

State	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Alabama	6,300	6,300	6,150	6,200	5,500	5,450	5,360	5,468	5,000	4,500	4,500	5,000	5,390	5,500
Alaska	372	440	442	566	460	322	319	400	390	350	377	262	267	257
Arizona	2,081	2,037	2,051	2,000	2,190	2,277	2,018	2,400	2,339	2,110	2,114	1,950	1,923	1,907
Arkansas	2,350	2,495	2,540	2,754	3,300	3,300	3,185	2,925	2,652	2,652	2,831	2,984	3,313	3,220
California	10,104	10,400	10,200	9,970	9,857	9,822	9,630	9,750	9,730	9,520	11,258	11,258	11,258	14,200
Colorado	2,253	2,296	2,322	2,183	2,300	2,348	2,182	2,234	2,229	2,084	2,340	2,256	2,308	2,517
Connecticut	1,502	1,520	1,530	1,558	1,475	1,524	1,526	1,576	1,558	1,526	1,639	1,654	1,532	1,800
Delaware	415	373	373	377	384	383	400	380	405	422	406	572	500	468
Dist. of Col.	115	114	118	114	121	120	100	95	119	166	120	100	114	128
Florida	8,987	9,138	9,169	9,217	9,217	9,215	9,275	9,409	9,504	9,471	9,318	9,301	9,024	9,550
Georgia (b)	7,563	7,414	6,890	8,215	7,685	7,995	7,908	7,585	7,928	8,015	7,104	7,765	7,356	7,466
Hawaii	396	360	362	344	328	366	348	361	448	448	375	370	378	406
Idaho	1,006	929	957	790	847	789	800	842	794	917	945	765	1,158	1,182
Illinois	4,357	4,406	4,396	5,000	5,100	5,100	4,900	4,700	4,695	4,653	4,527	4,639	5,119	5,170
Indiana	2,998	3,028	3,058	2,396	1,684	3,300	3,300	3,000	3,302	3,200	3,200	3,200	3,350	3,422
Iowa	2,864	2,934	2,700	2,659	2,658	2,732	2,788	2,433	2,686	3,420	2,899	3,534	2,932	2,955
Kansas	2,132	2,800	2,800	2,800	2,500	2,500	2,200	2,373	2,683	2,300	2,461	2,797	2,507	2,525
Kentucky	3,089	3,174	3,317	3,600	3,507	3,606	3,653	3,734	3,825	3,978	4,065	4,214	4,265	4,311
Louisiana (c)	3,752	3,658	3,594	3,650	4,082	4,082	3,223	3,179	5,200	6,400	6,598	7,276	7,424	7,100
Maine	1,308	1,349	1,427	1,373	1,436	1,534	1,325	1,461	1,420	1,395	1,369	1,274	1,300	1,400
Maryland	2,149	2,150	2,182	2,339	2,346	2,369	2,403	2,385	2,368	2,354	2,363	2,770	2,175	2,164
Massachusetts	3,195	3,221	3,385	2,700	2,700	2,600	2,600	2,600	2,600	2,400	2,600	2,600	2,400	2,600
Michigan	4,770	4,828	4,890	4,984	5,076	5,089	5,176	5,172	5,193	5,205	5,225	5,223	5,447	5,447
Minnesota	3,280	3,125	3,080	3,649	3,656	3,820	3,974	3,711	3,609	3,430	4,028	4,053	4,123	3,955
Mississippi	3,046	3,354	3,369	3,550	3,559	3,626	3,628	3,655	3,721	3,747	3,767	3,799	3,874	3,893
Missouri	3,969	4,045	4,094	4,178	4,312	4,410	4,825	4,600	4,669	4,721	4,819	4,981	5,083	5,181
Montana (f)	545	545	800	400	900	1,100	1,100	925	1,000	1,500	1,500	1,568	1,600	1,385
Nebraska	1,506	1,501	1,541	1,486	1,542	1,600	1,638	1,643	1,654	1,685	1,868	2,214	1,940	2,341
Nevada	1,130	1,082	1,010	1,169	1,094	1,035	1,037	1,008	954	917	890	850	902	747
New Hampshire	950	926	914	1,700	800	981	960	943	903	898	938	893	963	950
New Jersey	3,219	3,178	3,142	3,301	3,301	3,608	3,400	3,200	3,800	3,783	3,900	3,900	3,200	4,500
New Mexico	1,158	1,146	1,165	1,170	1,478	1,490	1,549	1,558	1,417	1,417	1,478	1,650	1,722	1,577
New York	6,200	6,500	6,500	6,700	7,050	7,050	7,050	6,352	5,863	6,100	6,246	6,246	6,374	6,504
North Carolina	6,670	6,784	6,878	6,908	7,052	7,186	7,272	7,371	7,392	7,431	7,493	7,629	7,816	8,852
North Dakota	733	757	788	922	930	830	835	835	845	861	1,003	886	929	938
Ohio	4,634	4,764	4,957	4,935	4,935	5,125	4,923	5,568	5,568	6,000	6,050	6,050	6,076	6,200
Oklahoma	3,200	3,200	3,200	3,250	3,500	3,732	4,091	4,254	4,000	4,000	3,935	4,005	4,139	4,172
Oregon	1,601	1,642	1,673	1,696	1,724	1,752	1,776	1,790	1,800	1,800	1,785	1,857	1,854	1,893
Pennsylvania	4,685	4,685	4,713	4,703	4,678	4,628	4,675	4,611	4,452	4,945	4,920	5,000	5,200	5,300
Rhode Island	405	401	375	377	375	375	340	503	519	519	519	525	510	540
South Carolina	3,430	3,805	3,682	3,677	3,924	3,960	3,978	3,990	3,990	3,933	4,055	4,481	4,572	4,300
South Dakota	1,014	1,018	1,042	1,053	1,073	1,085	1,100	1,102	1,085	1,096	1,624	1,600	1,600	1,600
Tennessee	4,500	4,529	4,619	4,650	4,713	4,782	4,913	4,918	4,969	4,999	4,945	5,016	5,350	5,338
Texas	13,393	13,926	13,657	13,760	16,500	14,206	14,636	16,515	16,000	16,100	15,000	14,773	15,074	15,074
Utah	1,112	1,122	1,125	1,125	1,104	1,104	1,273	1,208	1,200	1,067	1,100	1,324	1,320	1,270
Vermont	627	639	616	646	621	642	975	950	980	980	650	759	774	760
Virginia	4,003	4,130	4,140	4,650	4,650	4,846	4,851	4,896	4,981	5,243	4,877	5,241	6,000	6,000
Washington (d)	4,170	4,200	3,086	3,056	3,228	3,228	1,850	1,813	1,731	1,613	3,500	3,000	4,000	2,500
West Virginia	1,511	1,450	1,450	1,300	1,300	1,300	1,400	1,440	2,000	2,000	2,000	2,000	2,000	2,000
Wisconsin (e)	3,680	3,973	4,024	3,919	4,126	4,253	4,253	3,300	3,348	3,348	3,867	3,867	3,946	4,027
Wyoming	577	559	575	573	598	410	425	450	500	550	550	636	215	400
Total U.S.	159,006	162,350	161,068	164,292	167,476	168,987	167,346	167,571	170,018	172,169	175,941	180,567	182,596	187,892

(a) NPN state-by-state survey figures include all retail outlets of any kind at which the public can buy gasoline.

(b) Georgia was in the middle of implementing a new software in 2008, so the figure of 6,890 may have been low.

(c) All figures from Louisiana prior to 2003 count included private locations.

(d) Numbers previous to 2009 were outdated estimates, not showing the result of the building spree with several hundred new branded sites and several hundred independents.

(e) Due to a revision in the way data is gathered in Wisconsin, its station count is more accurate from 2004 and beyond.

(f) Montana did not report numbers for 2010; 2009 number was repeated.

Source: NPN 2010 survey.

Most majors continue to drop branded sites

THE MAJORS CONTINUE TO DIVEST THEMSELVES OF THEIR branded gasoline retail outlets, as has been the trend in the last number of years, with a few minor exceptions in 2009.

Shell managed to keep its number one spot in the branded retail outlets ranking and also added about 150 more stations for the year. BP and ExxonMobil finished off the top three positions, which remained unchanged from 2008; however, both companies lost roughly two hundred stations each.

Chevron came in fourth place with a hundred fewer branded stations, and ConocoPhillips lost 150 sites in 2009.

Citgo continued to experience a big drop in station totals, decreasing its amount of branded retail sites by over five hundred, which is not as drastic as 2008's thousand station drop. Valero's number considerably dropped in 2009 by a thousand, according to the company's reports.

Sunoco dropped a minor amount of stations, while Marathon added a bit in 2009.

Speedway, CHS and Hess stayed at roughly the same numbers, with some very slight decreases. Getty and Alon both dropped about three hundred sites each.

Branded Gasoline Retail Outlets by Rank, 2009

2009 Ranking	2009	2008	Company	2008 Ranking
1	14,459	14,300	Shell Oil Products US	1
2	11,500	11,700	BP America Inc (including ARCO brand)	2
3	10,216	10,451	ExxonMobil	3
4	9,591	9,691	Chevron Products Co.	4
5	8,500	8,750	ConocoPhillips	5
6	6,500	7,044	CITGO Petroleum Corp.	6
7	4,711	4,720	Sunoco Inc.	8
8	4,613	4,577	Marathon Petroleum Company	9
9	4,000	5,000	Valero Energy Corp.	7
10	2,600	2,600	Sinclair Oil Company	10
11	1,603	1,617	Speedway SuperAmerica LLC	11
12	1,600	1,600	CHS (Cenex)	12
13	1,357	1,366	Hess Corp.	13
14	1,000	1,317	Getty Petroleum	14
15	900	1,200	ALON USA	15

Branded Gasoline Retail Outlets by Company

Company	Branded Gasoline Retail Outlets					Number of States			
	2009	2008	2007	2006	2005	2009	2008	2007	2006
ALON USA	900	1,200	1,200	1,200	1,200	7	7	7	8
BP America Inc (including ARCO brand)	11,500	11,700	12,200	12,300	13,000	NA	NA	NA	38
Chevron Products Co.	9,591	9,691	9,731	9,628	9,354	31	31	32	28
CHS (Cenex)	1,600	1,600	1,600	1,600	1,577	22	22	22	22
CITGO Petroleum Corp.	6,500	7,044	8,000	9,000	13,682	28	24	NA	37
ConocoPhillips	8,500	8,750	8,750	11,800	13,600	NA	NA	NA	NA
ExxonMobil	10,216	10,451	10,904	11,117	12,798	NA	NA	NA	NA
Getty Petroleum	1,000	1,317	1,317	1,812	1,965	13	13	13	13
Hess Corp.	1,357	1,366	1,350	1,350	1,350	16	16	14	14
Marathon Petroleum Company	4,613	4,577	4,444	4,166	3,900	17	17	17	16
Shell Oil Products US	14,459	14,300	14,370	13,372	13,500	49	49	50	49
Sinclair Oil Company	2,600	2,600	2,600	2,600	2,253	21	22	21	21
Speedway SuperAmerica LLC	1,603	1,617	1,636	1,636	1,588	9	9	9	9
Sunoco Inc.	4,711	4,720	4,684	4,691	4,763	23	26	24	24
Valero Energy Corp.	4,000	5,000	4,800	3,850	1,005	44	44	39	38
Murphy	1,048	1,154	1,126	1,164	1,201	21	21	NA	NA

(a) Revised. NA-Not available.
Source: Oil company annual reports and other company data.

U.S. Gasoline Shares by Key Categories, 2005-2009

Region	Gasoline Outlet Share					Gasoline Market Share					Average Monthly Gasoline Volume (gal)				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Mid-West	17.97%	19.42%	19.42%	19.65%	18.75%	19.68%	21.20%	20.85%	20.87%	20.67%	125,593	123,213	123,040	120,833	122,597
Northeast	25.06%	24.15%	24.15%	23.69%	24.38%	22.03%	21.23%	20.88%	20.56%	21.35%	100,830	99,642	99,124	98,761	97,443
South / Sunbelt	38.09%	36.55%	36.55%	35.95%	35.31%	34.92%	33.91%	33.37%	32.82%	31.37%	105,150	104,610	104,625	103,863	98,831
Western	18.88%	19.88%	19.88%	20.71%	21.56%	23.37%	22.88%	24.90%	25.75%	26.61%	142,012	142,312	143,570	141,464	137,278
Total / Average	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	114,699	113,987	114,615	113,776	111,241

Region	C-Store Outlet Share					C-Store Market Share					Average Monthly C-Store Volume (\$)				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Mid-West	19.06%	18.87%	18.91%	19.28%	18.32%	19.42%	19.02%	19.20%	19.27%	18.99%	69,202	67,569	67,309	64,570	64,479
Northeast	19.79%	19.48%	19.31%	19.01%	19.57%	20.93%	20.43%	19.98%	20.22%	21.24%	71,843	70,343	68,581	68,727	67,534
South / Sunbelt	41.67%	42.07%	42.18%	42.01%	41.66%	37.72%	38.24%	38.64%	38.97%	37.58%	61,460	60,956	60,724	59,931	56,118
Western	19.48%	19.58%	19.61%	19.71%	20.45%	21.92%	22.32%	22.17%	21.54%	22.18%	76,411	76,442	74,934	70,613	67,475
Total / Average	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	67,903	67,064	66,272	64,602	62,206

Source: MPSI (Market Planning Solutions Inc.), www.mpsifuels.com