A New Path Forward

The retail fuels market is undergoing massive change. Since 2007, gasoline sales volume has declined roughly 7% nationwide and the U.S. Energy Information Administration projects that by 2040 the market will lose another 18%. At the same time, the environment in which retailers operate is also shifting. New federal policies push for dramatic reductions in vehicle greenhouse gas emissions, fuel efficiency keeps rising and renewable fuels continue to grow in volume — all of which will impose billions of dollars of costs on the market and, ultimately, your consumers.

As the market goes through a rapid upheaval, we are seeing disparate groups pushing for policy and market developments without much consideration for the effect their solutions might have on the rest of the industry. In one instance, as the auto industry seeks to meet certain emission reduction targets, a new national standard high-octane fuel comprised of 30% ethanol is being promoted. While E30 may alleviate one issue, it causes emissions problems for refiners, distribution and storage infrastructure challenges for retailers, and compatibility issues for consumers — not to mention the overall cost of such a transition.

Then there are alternative fuels: electricity, natural gas, even hydrogen. Each carries its own market and policy challenges that need be thoughtfully nurtured through a coordinated approach that looks at the entire fuels infrastructure. Unfortunately, such a coordinated approach does not exist. This lack of coordination and absence of neutral, credible, fact-based analyses will ultimately lead to a more dysfunctional market — one that does not benefit retailers or, most importantly, consumers.

In between this evolving consumer demand and the shifting legislative landscape are convenience retailers, which sell 80% of the fuels in the nation and rely upon fuel for roughly three-quarters of their gross revenue dollars. Fuel is also an important driver of in-store traffic.

Put simply: Convenience retailers are more connected to the consumer, with more skin in the game concerning the future of the fuels market than any other stakeholder.

As the logical conduit between policy and consumers, NACS has created the Fuels Institute, announced in February at the NACS Leadership Forum in Miami. The Fuels Institute is a nonprofit, independent think tank dedicated to producing fact-based analyses of the critical issues facing the market. Managed by NACS, the Fuels Institute brings together fuel retailers, fuel producers and refiners, alternative and renewable fuel producers, automobile manufacturers, environmental advocates, consumer organizations, academics, government entities and others with expertise in the fuels and automotive industries.

Through a collaborative process, the
How to Get Involved

The Fuels Institute will engage interested stakeholders in a variety of ways — either as official voting members of the organization or as affiliated participants. We want to incorporate as many diverse views as possible and develop a leadership structure that will balance the perspectives of the affected industries.

The Fuels Institute Board of Directors — comprised of six appointed directors selected by NACs and five independent directors representing other stakeholders — is recruiting additional experts to serve on a Board of Advisors. These advisors will identify, develop and drive the research agenda of the Institute, ensuring that any final work product is balanced, credible and valuable to decision makers.

Any advisors interested in commissioning a research project will form a task group and can invite others outside the Institute to join them in developing a scope of research, coordinating with the outside firm conducting the research and work to ensure the product is consistent with the Institute’s mission. Approved research projects will be funded independently of the Institute, ensuring that any final work product is balanced, credible and valuable to decision makers.

To avoid political stalemate, the Institute is recruiting representatives of individual companies to serve on the Board of Advisors. Trade associations representing various stakeholder communities are welcome to participate in the Institute, but they will be ineligible to serve in a voting position. This distinction ensures that decisions around research priorities and the strategic direction for the Fuels Institute rests with those engaged in actual commerce, not simply representing the reputation of an industry. This should facilitate robust discussion and open opportunities for innovative research.

Companies interested in participating in the Fuels Institute have options depending upon the level of financial commitment they wish to make. Details regarding contribution levels and benefits, as well as the research process and current members of the Board of Directors and Board of Advisors are available online at www.fuelsinstitute.org or contact John Eichberger, executive director, at jeichberger@fuelsinstitute.org or (703) 518-7970.

John Eichberger
Executive Director
The Fuels Institute

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Fuels Institute will commission and publish comprehensive, fact-based research projects that address the issues identified by the affected stakeholders. These projects will help to inform both business owners considering long-term investment decisions and policymakers considering legislation and regulations affecting the market.

The goal of all stakeholders should be to develop a sustainable transportation energy system — sustainable both economically and environmentally. The Fuels Institute will help to achieve that objective by pulling together the diverse stakeholders, by identifying the key market and policy issues and by delivering balanced and credible analysis to help inform decision makers.

It is time to create a new path forward for transportation energy — the Fuels Institute will cut that path.

John Eichberger
Executive Director
The Fuels Institute