NCSL Legislative Summit 2018

Mike Lorenz, EVP, Sheetz
Company Overview

- Founded by Bob Sheetz in 1952
- Family Owned and Operated Convenience Store Chain
- 580 Stores
- 6 States
Q: Would You Buy A Fuel That's:

- Cheaper than Regular 87
- Better for the Environment
- Better for Your Engine
- Renewable
- Provides American Jobs
- Supports U.S. Energy Independence
Well That Fuel is E15

- 15% Contains 15% Ethanol
- 97% Of All Gasoline Sold is E10 or Higher
- 90% Of Vehicles on the Road Today are Approved for E15 by the EPA
- 81% Of New Cars are Certified to Burn E15
- 43% Less Greenhouse gas (GHG) Emissions
- 5-10¢ Cheaper per gallon compared to E10
Why is E15 Better, it’s the Ethanol

Higher Octane
Ethanol can be one of the cheapest sources of octane

Less Emissions
Provides cleaner air by decreasing CO2 and BTX emissions, which contributes to smog

Oxygenate
E15 allows fuel to burn cleaner and cooler than oil

Renewable
Earth friendly biofuel that is made from corn-grain feedstock
It’s About the Consumer

- Safe
- Choice
- Value Proposition
- The Story
- Availability
Sheetz’ E15

- 41% Store count: 240/580 have E15
- 45 million Gallons of E15 Sold
- 1 Billion Miles driven on Sheetz E15
- #1 E15 Fuel Retailer
E15 in U.S.

1,400 STATIONS

30 STATES
Retailer Barriers

- Investment
- 1 lb. RVP Waiver
- Misfueling Mitigation Plan
- Retailer Liability
- Uncertainty RFS, PoO, RVO’s, RINs
- Banned in 6 States
1 lb. RVP Waiver

E10 gets a 1 lb. Waiver during the summer

E15 does not – even though RVP is lower

Only grade that can’t be sold year-round

Costly to relabel dispensers

Confusing to consumers

Outdated regulation

Political Football
Consumer Barriers

Habits | Lack of Availability | Education | Confusion | Misinformation
"The additional E15 testing, completed this month, has identified an elevated incidence of fuel pump failures, fuel system component swelling, and impairment of fuel measurement systems in some of the vehicles tested.... Failure of these components could result in breakdowns that leave consumers stranded on busy roads and highways."

The Renewable Fuel Standard (RFS) is a broken policy that needs to be repealed or significantly reformed. Significant reform of the RFS means setting a hard blending cap on ethanol that does not exceed 9.7%.
"Auto manufacturers extend warranties on existing vehicle fleets up to 10 percent ethanol. Most have not been willing to amend their warranties to handle blends above 10 percent because tests have shown E15 could damage engines, fuel pumps and other system components. This position did not change after EPA approved E15 for 2001 and newer vehicles."

"An owner of a pre-2001 vehicle misfuels with E15, the retailer would be held liable for damage to engine and emission system components."

There is NO reason to take on any liability

90% of vehicles are approved for E15 by the EPA
“The auto manufacturers responded that use of E15, even in their newest vehicles, would damage engines, void warranties and reduce fuel efficiencies.”

“While Congress could not have anticipated that the Renewable Fuel Standard would backfire as badly as it has,... Congress must make it a priority this year to repeal the RFS before millions of motorists are put at risk.”

In relation to the amount of ethanol that can be blended into gasoline specifically, that limit is 10 percent and is known as the blend wall. If the amount of ethanol in gasoline strays above this 10 percent point, engine damage may occur.”

81% of new vehicles are warrantied for E15

5 Billion miles have been driven on E15

The blend wall has been exceed, get over it.
Battle Over Market Share

Liquid Fuels Market

Ethanol
Key Takeaways

E15 changes the retail paradigm

Safe
Greener
Higher Octane
Cheaper
Thank You!

Any Questions