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SEPTEMBER | OCTOBER 2025



inside:

PROFILE - GULF

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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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MATT PORTS
SIGMA President

viewpoint

Join SIGMA in Nashville for the 2025 Annual Conference

A big THANK YOU to everyone who flew to DC for SIGMA's annual Day-on-the-Hill meetings in July. It's one of SIGMA's most important meetings each year and we'd love to see more of you attend next year. Connecting with your Congressional representatives is an invaluable tool not just for the industry as a whole, but each of your businesses as well. Please make the time next year to join us.

SIGMA is heading to Nashville November 4-6. If you haven't registered already, what are you waiting for? It's Nashville! A perfect location for networking and fun, SIGMA also has a packed schedule of exciting education sessions and speakers to make this an event not to miss. Highlighting this year's annual conference will be the keynote speaker at the Opening General Session, Team Penske INDYCAR driver Josef Newgarden. On top of his 28 INDYCAR wins, Josef is a two-time, back-to-back winner of the Indianapolis 500. He'll be sharing much of his story, from his triumphs to how he overcame obstacles and setbacks on his journey to becoming a champion. You don't want to miss this one!

Other highlights include a breakfast session by Federated Insurance discussing how to prepare for unexpected events, a lunch session by Titan Cloud Software diving into an in depth fuel market overview, and a session by Troy Calhoun of Southwest Georgia Oil on recruiting and retaining employees. RINAlliance will present an update on the changing RIN landscape and Attorney Otto Konrad will facilitate a retail workshop discussing the Petroleum Marketing Practices Act (PMPA). Gary Bevers of DashFuels will moderate a panel discussing how to run a paper intensive organization effectively.

The meeting will be capped off with the Business Meeting and General Session. Moderator Kristy Moore of KMoore Consulting will host an in depth conversation about E15 and

Laramie Sandquist, Sr. from Nationwide will discuss how to identify, hire, and retain top fuel drivers for your organizations.

Also, don't forget to join us for the 2nd Annual SIGMA Women Ambassadors Network (SWAN) luncheon and awards ceremony! This year awards will be given out in two categories: Executive Leader and Emerging Leader. This is a separate registration, so be sure to add it when you register for the meeting itself.

To conclude, as I approach the end of the first year of my SIGMA presidency, I would like to take the time to thank everyone who keeps the SIGMA wheels turning. The entire SIGMA staff does so much more than many of you know and without them these meetings would look nothing like what you experience. FFG, our incredible government relations team, works tirelessly on all of our behalf day in and out to advance the industry and your organizations' interests at the federal level. Please take the time to say thank you to all of these incredible folks when you see them. But I'd also like to thank all of you, the SIGMA members. Without your attendance, engagement, and financial support SIGMA simply would not exist. We are a member driven organization with little comparison, and it continues to work well and get better each year.

THANK YOU!
Sincerely,

Matt Ports, Ports Petroleum Company
SIGMA President



Inside

SIGMA

A Message from the SIGMA CEO

SEPTEMBER

I trust that all of you had a wonderful summer vacation someplace amazing with your families. I – who normally love big cities – had a very peaceful, tranquil, and unconnected vacation with my family in Maine. And you know what, I wasn't climbing the walls after two days – I actually enjoyed it. Who would have known?

Now that summer is over and the weather is changing, everyone is back at their desks taking the world, and our industry seriously again. I want to remind everyone that one of the commitments I made when I took on the CEO role nearly 18 months ago was to revitalize SIGMA's education. Not only at our in-person meetings, but also by offering extensive education through webinars and through online learning platforms.

We are delighted that our first online course – Fuel Buying Best Practices – has just been released. This course is the first of many that will live in SIGMA University. The mission of SIGMA University (developed by the Fuel Foundation and DTN) is to provide easy to access, cost effective training that people can do at their desks. No need to run up travel bills – learn at your pace and have the ability to go back and review.

Many of you jumped at the chance to purchase licenses to the course. For anyone that doesn't know, this course is ideal for anyone that is new to the industry. So, if you have a steady rotation of new employees, this course is perfect for your company.

More information is available on the SIGMA website (<https://www.sigma.org/sigma-university/>).

The advent of Fall also means that SIGMA's Annual Conference is coming up quickly. This year we are in Nashville at the Grand Hyatt from November 4 – 6. I can't wait for this meeting – not only is Nashville a hot destination, but the chance to see all of you (members and sponsors) and provide amazing education is so very exciting.

Myself – along with Kate Rowan, who is SIGMA's Education Director – have put together what I think is one of the most exciting agendas for an Annual Conference in quite some time.

One of the most exciting parts of our meeting is our keynote speaker – Josef Newgarden, two-time, back to back winner of the Indy 500. While this man is clearly a golden boy in the world of racing, his journey has not been without some bumps. Some very big bumps. Josef is going to talk about his career, and how he overcame adversity. I will personally be interviewing Josef, and I can't wait to hear what he says.

Here's a quick rundown of what we have planned:

Disaster Planning – Preparing for the Unexpected. Don't think it won't happen to you. It will – this session will help you prepare.



The Only Market Overview You Will Ever Need – like the catchy title? I love this session. We’re pulling together a supply expert and a price expert.

Managing the People Curve – Think you’re smarter than the “new generation?” Well, you probably aren’t. They’re running your stores, so you won’t want to miss the insight in this session.

Death by a Thousand Cuts – Making your business “paper intensive.”

Overcoming the Challenges of Year Round E15 – it’s coming, and everyone needs to begin thinking of the changes they need to make.

Driver Dilemma – there’s not enough drivers to keep industry moving. How do you get, and keep drivers?

We’re expecting record attendance – especially since it’s in Nashville! The sooner you register, the more likely you are to secure space at the Hyatt. Visit the Event page on the SIGMA website for more information and to register (www.sigma.org/event).



One more thing for all you – just a reminder that this is the last hard copy edition of IGM. Starting with the next issue, IGM will be digital in a easy to maneuver format. Going digital gives us a chance to improve the publication and make it more accessible and valuable.

Another reason why SIGMA is getting better every month!

Scott Berhang

Scott Berhang
CEO, SIGMA



profile: Gulf

By Mark Ward Sr.



Historical Site Photo - 1947 Kentucky

Founded in 1901, active in retail fueling since 1913, Gulf 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 wavered — which is why in 2023 RaceTrac, Inc., made Gulf the largest acquisition in the Atlanta-based company’s history.

Now, nearly two years after its acquisition, Gulf continues to execute on its ambitious national growth strategy, securing key partnerships and making bold moves to expand its presence across the U.S. As part of this expansion, Gulf signed a multi-year sponsorship deal with the Atlanta Braves, marking a significant investment in one of the country’s most dynamic markets. The deal includes major in-park signage and hospitality assets, reinforcing Gulf’s commitment to growing its brand in the Southeast.

Gulf also has a new team in place, including sales managers based in Florida, Texas, and California. The team has signed new supply agreements with Majors Management and Clipper Petroleum, two leading players in the national wholesale fuel industry. By joining forces with Gulf, customers gain the strength of a nationally recognized brand, enhanced supply reliability, and a partner committed to long-term success.

As Gulf continues its expansion path, the marketing approach has been updated to spotlight its coast-to-coast footprint and reinforcing the ability to reliably serve customers nationwide. Gulf is also investing in personalized campaigns at a local level, ensuring each site is supporting the community it serves. This dual strategy highlights Gulf’s national scale while maintaining the personal, customer-focused service that has defined the brand for over a century.

“The Gulf brand is stronger than ever, and we see tremendous opportunity in markets where Gulf has recently expanded supply,” says Nikki Fales, vice president of marketing and payments at Gulf. “This approach allows us to connect with customers in a meaningful way, whether they are encountering Gulf through national advertising or at their neighborhood station. It’s about building consistency, recognition, and trust across every touchpoint.”

Gulf’s coast-to-coast expansion comes on the heels of significant growth in new markets, further positioning the company as a leading fuel brand with national reach. Customers can expect to see more Gulf messaging across major media channels, alongside site-specific initiatives, community partnerships, and tailored promotions. ▶



Boylston, MA



Bridgeport, CT



Yatco Energy- Boylston, MA



Groton, CT



Independence Ship



Gulf Braves Outfield

Another big move from RaceTrac, Inc., was the reorganization of Metroplex Energy and recently acquired NGL refined fuels business lines under the Gulf name. As announced on September 1, the combined unbranded supply and trading subsidiary of RaceTrac, Inc., is now operating under the Gulf name, bringing added expertise in fuel sourcing, logistics, and market strategy and competitive, reliable supply solutions that help partners scale efficiently.

Gulf’s ability to adapt to market conditions, leverage key supply relationships, and provide innovative solutions ensures that partners have access to high-quality fuel supply and brand support when and where they need it. “These strategic moves underscore our commitment to aggressive growth and strengthening Gulf’s presence nationwide,” says Jamie Friesema, vice president of branded sales at Gulf. “By partnering with organizations that share our vision for the future, we are well-positioned to continue expanding our network and delivering value to our customers.” As Gulf enters this next phase of expansion, the company remains focused on leveraging its rich heritage while investing in innovative partnerships that will drive sustained growth coast to coast.

Synergies and Possibilities

Additional possibilities are under active discussion to enhance the Gulf brand under the newly combined entity. Ron Sabia, chief operating officer of Gulf, lists a few main areas where growth is being explored: fully launching the Gulf brand as a coast-to-coast supplier, increasing the unbranded sales portfolio in the Northeast, piloting a Gulf convenience store franchise concept, evaluating electric vehicle charging opportunities, and investing in high-volume diesel and fleet incentive programs.

Gulf is actively piloting a franchise model across six Southeast locations, with plans to expand the pilot in early discussions. “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.”

As a longtime industry veteran, Sabia especially appreciates the advantages of being a part of a family-owned business model. “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



GULF 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.

2025

Metroplex Energy, a wholly owned subsidiary of RaceTrac, Inc., acquires NGL. Metroplex Energy and NGL move to operate under Gulf, expanding the capabilities of the national brand.

business, RaceTrac can invest with a long-term view. Gulf 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 brands are evident, Sabia states, “when you realize that in 2024 RaceTrac celebrated 90 years. They are big believers in the value of a brand. They have spent 90 years building one of the most recognized brands around. So, behind the company is a family that genuinely believes in continuing to invest in the Gulf brand, coming up on its 125-year anniversary in 2026.”

A. J. Siccardi, president of Gulf, chief commercial officer of RaceTrac, Inc., and a member of the SIGMA Board of Directors, states that the acquisition “provided Gulf with an opportunity to succeed in the rapidly evolving retail fuel marketplace.” Combining Gulf’s distributor network and nationally recognized brand with the legacy Metroplex and NGL, he adds, “creates tremendous possibilities to serve current and future distributors and licensees” and enhance their success.

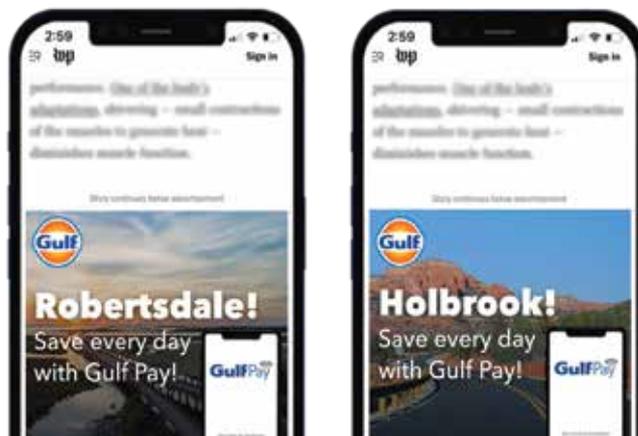
Gulf is a supplier member of the association, a SIGMA Marquis Sponsor, and is serving as the presenting sponsor of the 2025 Annual Conference, taking place in Nashville this November. “As Gulf looks to grow through geographic expansion, scale, and diversification,” says Sabia, “the networking opportunities we have through SIGMA are key.”

RaceTrac, 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 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.” ★



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WATCH

RFS Reimagined: What the EPA's 2026–2027 Proposal Means for Fuel Marketers

On June 13, the Environmental Protection Agency (EPA) released its long-awaited proposed Renewable Volume Obligations (RVOs) for 2026 and 2027 under the Renewable Fuel Standard (RFS) program. The proposal envisions a major shift in how the Program is administered.

In tone and substance, the proposed RVOs reflect the Trump Administration's "America First" ethos—placing a premium on American feedstock and domestic fuel production. For fuel marketers and refiners, especially those on the coasts or reliant on imported feedstocks, the implications could be profound.

Why SIGMA Cares

While other stakeholders (fuel producers or feedstock growers, for example) will inevitably offer EPA their commercial perspectives, fuel marketers function as surrogates for the consumer. SIGMA members are uniquely situated to observe and assess the RFS's real-world impact on consumers because fuel marketers represent the final conduit through which renewable fuels are delivered to consumers.

Our members' storage, transportation, distribution, and dispensing assets – not to mention the intellectual capital necessary to harness that infrastructure – are what enable the market to absorb the RFS's blending mandates.

A Shift Toward U.S.-First Biofuels

EPA's new proposal introduces a key—and controversial—departure from past precedent: it grants only half the RIN (Renewable Identification Number) credit for fuels made with foreign feedstocks or produced overseas. In contrast, fuels produced entirely within U.S. borders using domestic feedstocks like soy, corn, and canola will receive full RIN credit.

This change not only reshapes the compliance calculus for obligated parties but effectively introduces a built-in price premium for U.S. feedstock. The likely result? Increased demand—and higher prices—for domestic agricultural commodities, while refiners and marketers dependent on foreign inputs face new hurdles.

Reading Between the Lines of the RVO Numbers

The proposed volumes for 2026 and 2027 adhere far more closely to the market's capacity to consume biofuel than the final volumes for 2024 and 2025. At first blush, the RVOs suggest nearly a 9% year-over-year increase in total biofuel volume from 2025 to 2026. But, these numbers are harder to compare than in previous years due to a change in how biomass-based diesel (BBD) requirements are measured—now in RINs rather than gallons.

Even more confounding is EPA's approach to estimating average RIN generation. Historically, each gallon of BBD generated 1.6 RINs. Under the new model, EPA anticipates a mix of domestic and imported fuels, estimating an average of 1.27 RINs per gallon—meaning 5.61 billion gallons will be needed to meet the 2026 target.

The policy message is clear: prioritize U.S. supply chains.

Legal and Compliance Uncertainty Ahead

While the EPA cites its authority under the RFS to issue "appropriate" credit values, the statutory language has historically been interpreted as tying RINs to energy density, not extraneous criteria such as feedstock or fuel origin. That legal grey area sets the stage for likely court challenges—particularly from domestic refiners reliant on imported feedstock. ►



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The legal outcomes may hinge on how deferential the courts are to EPA's statutory interpretation. With recent Supreme Court precedent narrowing agency discretion, refiners could successfully challenge the final rule, prolonging uncertainty and volatility.

RIN Markets and the SRE Wildcard

At the time this article was written, Small Refinery Exemptions (SREs) remain a key unknown. EPA's proposal includes a reallocation provision for 2026 and beyond – meaning if SREs are granted, the waived volumes will be redistributed among remaining obligated parties, limiting the deflationary impact on RIN markets. However, EPA is soliciting comments on a wide range: from 0 exempt gallons to 18 billion, signaling significant uncertainty.

For refiners, particularly those already facing pressure from the feedstock credit disparity, this could result in a double hit with (1) reduced value for their domestically produced gallons made with imported feedstock, and (2) additional compliance burdens from small refiners that have their obligations waived.

The most significant SRE impact on RIN markets will how EPA handles outstanding SRE applications for 2023, 2024, and 2025. EPA will likely grant at least some of these outstanding SRE applications; it is an open question as to whether, and how many, gallons that are waived are reallocated to other obligated parties.

SIGMA believes all SRE petitions should be denied because all refiners regardless of their size embed the RVO costs into their crack spread and therefore do not suffer any “disproportionate” economic harm on account of the RFS.

Winners and Losers: Renewable Diesel, SAF, and Cellulosic Biofuels

Another notable change is EPA's move to lower the equivalence value of Renewable Diesel (RD) and Sustainable Aviation Fuel (SAF) RINs from 1.7 to 1.6, bringing them closer to the biodiesel RIN value (1.5). This subtle change could shift investment and blending incentives across the fuels landscape.

Meanwhile, the cellulosic biofuel mandate appears notably bearish. The EPA finalized a waiver for 2024 and 2025 cellulosic targets due to production shortfalls, triggering an effective price cap through the Cellulosic Waiver Credit (CWC), which was set at \$1.61 for 2024. This move may prompt litigation from the RNG sector, which has long depended on stronger cellulosic support.

Policy Implications on Capitol Hill

With many large refiners disadvantaged by both the domestic feedstock premium and reallocated SREs, expect renewed calls in Congress for RFS reform, RIN price caps, or even export controls. While full repeal remains unlikely, SIGMA members should monitor legislative activity closely—especially during an election year when fuel costs and inflation remain politically potent.

What's Next?

SIGMA filed comments on the proposal on August 8, 2025. EPA is expected to finalize the 2026–2027 RVOs by November 2025. That leaves a narrow window for fuel marketers, refiners, and biofuel producers to influence the outcome.

Much could still change. If gasoline prices spike—whether due to global instability, refinery issues, or seasonal demand—the Administration may moderate its posture. But barring a political shift, the underlying philosophy of these RVOs is clear: domestic feedstock, domestic production, domestic benefit.

What SIGMA Members Should Watch

1. Legal Challenges – Court rulings on SREs and the RIN credit disparity for imported fuels and feedstocks could reshape compliance dynamics in 2026.
2. RIN Market Volatility – As small refinery exemptions are granted (or denied), expect swings in pricing and supply.
3. Feedstock Competition – Higher demand for U.S. soy, corn, and canola could increase costs for fuel marketers blending BBD or RD.

Final Word

The EPA's latest RFS proposal is more than a set of numbers—it proposes a policy recalibration with winners and losers in the market. SIGMA will continue to advocate for regulatory certainty, market transparency, and practical pathways to compliance for fuel marketers.★

David Fialkov, Jessi Frend, LeeAnn Goheen, and Thereza Cevidanese 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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5 Essential Best Practices for C-Store Loyalty Leaders

BY BRE OTERO, DIRECTOR OF REVENUE MARKETING, PDI TECHNOLOGIES

The stakes have never been higher for getting your loyalty strategy right. With over 150,000 c-stores operating across the United States—each hosting a daily average of 1,100 shoppers—customer loyalty has become a critical differentiator in determining business success. In fact, loyalty programs currently drive 37% of all c-store visits—positioning them as the top motivator for customer engagement.

The statistics behind loyalty programs tell a compelling story:

- Loyalty members spend 30% more than non-members
- Returning customers outspend first-time visitors by 67%
- The most loyal 15% of customers account for up to 70% of total sales

Still, 33% of consumers note that they would abandon a brand after just one bad experience. The bad news is that's the competitive reality you face every day. The good news is there are five essential practices you can use to modernize your loyalty strategy.

1. Build a Loyalty Culture That Transcends the Program

The most successful convenience store loyalty programs start at the top of your leadership team and live in the hearts and minds of every frontline associate. Creating a comprehensive “loyalty culture” means transforming your team from transaction processors into relationship builders who understand why every customer interaction is an opportunity for connection.

This cultural transformation starts with incentivizing employees at all levels to actively promote your loyalty program as part of their daily responsibilities. When your store employees understand how loyalty engagement directly impacts profitability—and their own success—they become natural advocates for loyalty program enrollment.

The result? A team that champions the program because they understand its value to both your customers and the financial bottom line.

Pro tip: Tie loyalty performance to store manager compensation packages and create employee-specific offers to encourage program familiarity and participation.

2. Deliver Hyper-Personalized Customer Experiences

Today's customers expect instant gratification—immediate rewards, real-time incentives, and sign-up bonuses that provide value from day one. That means you can say goodbye to the days when a generic “buy 10, get 1 free” approach could drive meaningful loyalty. The most successful programs focus relentlessly on consumer experience and journey management, creating increasingly personalized 1:1 experiences that make your customers feel truly valued.

You must be able to leverage clean, real-time data to go beyond standard demographic segmentation and instead offer tailored recommendations and rewards that align with individual preferences and behaviors. Whether your customers prefer SMS offers, email communications, or in-app messaging, you have to meet them on their preferred channels.

The most effective loyalty programs map the entire customer journey from initial awareness through long-term retention, ensuring each touchpoint reduces friction while increasing perceived value.

Pro tip: Optimize mobile app functionality, streamline in-store redemption processes, and create hyper-personalized experiences that engage shoppers whenever they want and wherever they are.

3. Turn Category Manager Relationships into Profit Drivers

Too many operators are neglecting a golden opportunity: leveraging strategic category manager relationships to offset program costs and create additional revenue streams. The most successful loyalty programs are profit drivers that create win-win scenarios with CPG brand partners.

Leading CPG brands recognize the value of convenience store loyalty data and they're investing in programs that provide targeted access to their core consumer demographics. This creates opportunities for co-funded promotional campaigns, exclusive product launches, and strategic partnerships that can significantly improve program ROI. ►



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Smart c-store operators can negotiate arrangements where CPG partners help fund loyalty rewards in exchange for enhanced product placement, promotional support, and access to valuable customer insights.

Pro tip: Engage with brands to create discounted pairings—such as your fresh prepared meals and their discounted beverages—that increase basket size and reduce program costs.

4. Accelerate Digital-Physical Integration for a Frictionless Experience

The most successful loyalty programs seamlessly integrate physical in-store and digital experiences. This means creating flexibility that engages shoppers on their terms while encouraging their migration toward more data-rich digital platforms.

The goal isn't to force digital adoption but rather to create compelling reasons for your customers to choose more robust engagement options. The key is offering omnichannel experiences that include mobile apps, contactless payment options, and flexible redemption methods without abandoning customers who still prefer more traditional approaches.

Pro tip: To maximize loyalty program effectiveness, consider offering enrollment bonuses for mobile app downloads, exclusive digital-only promotions, or enhanced rewards for customers who engage across multiple channels.

5. Implement Data-Driven Performance Measurement

Perhaps the most critical element distinguishing top loyalty programs is the ability to accurately measure performance and optimize accordingly. This means going beyond basic enrollment numbers to track sophisticated metrics like customer lifetime value increases, visit frequency changes, and basket size improvements.

The most effective programs track performance against specific goals, fueling data-driven decisions that continuously improve program success. Key performance indicators should include loyalty penetration rates, offer redemption rates, customer retention rates, and overall program ROI.

Pro tip: Thoroughly analyze the vast amounts of data your loyalty program produces to gain unprecedented insights into customer behavior and preferences—then turn those insights into real-time offers and personalized recommendations.

Looking Forward: The Future of Convenience Store Loyalty

When you consider that acquiring a new customer costs five times more than retaining an existing one, it's clear that loyalty isn't just "nice to have." By focusing on these five essential practices, you can build the foundation for a robust loyalty strategy that boosts growth and profitability well into the future.

Explore how to elevate your loyalty results at pditechnologies.com.





Stay Ahead with Real-Time Market Data

Every fuel buyer and seller knows the stakes: a missed market move can cost thousands and disrupt your business. Accurate and timely market intelligence is essential to stay ahead.

The Argus Spot Ticker ensures you're always in the know. With real-time intraday pricing for gasoline, diesel, ethanol, and RINs, our comprehensive reporting follows the market closely, delivering immediate updates directly to your desktop.

Take advantage of our **four daily benchmarks:** 8:00am CT, 10:30am CT, 1:30pm CT, 2:30pm CT, providing unmatched flexibility for your fuel contracts.

Leverage Argus' decades-long expertise in the spot market to protect your bottom line and manage volatile fuel costs.



Scan to discover how the **Argus Spot Ticker** can transform your market strategy.



Inside

RISK MANAGEMENT

Personal Protective Equipment Essentials for Business Owners

BY NATIONAL ACCOUNT EXECUTIVE PATRICK CUNNINGHAM, FEDERATED MUTUAL INSURANCE COMPANY



Protecting your employees from workplace hazards comes in many forms. Although reducing exposure to hazards at their sources is a best practice, the right safety gear can make a difference — or even save a life. Personal protective equipment (PPE) can be a necessary tool to help create a safer work environment for your employees. Here are some points to consider¹:

Assemble Your PPE Policy

There are plenty of common threats in the petroleum dealer industry that can harm your employees. Understanding the ins and outs of your employees' work can help, and so can having a strong PPE policy in place. This policy can specify safety expectations, require consistent PPE use under the right circumstances, and regular training to help your team stay safe on the job.

Employer and Employee Responsibilities

Safety is a partnership. Employers must identify potential hazards, determine appropriate PPE, provide training, and ensure compliance. Employees are responsible for wearing PPE correctly and using it consistently.

Maximize Safety with Fitted PPE

Ill-fitting PPE can reduce protection and may even increase risks. Whether it's a respirator or safety goggles, ensure all PPE fits securely and comfortably.

The Importance of Daily Inspections

PPE can fail if it's not maintained. Remind your employees to check equipment daily for cracks, broken lenses, or other damage. Follow manufacturer guidelines for care and provide replacements when needed.

No Single PPE Covers All Hazards

From noise and dust to flying debris and heavy objects, hazards come in many forms. A combination of PPE is often necessary for comprehensive protection. Keep in mind that combining certain types of PPE can lead to potential risks. Stay up-to-date with OSHA requirements for specific workplace and industry needs.

Prioritizing PPE and proper training is a commitment to workplace safety and the well-being of your team. Connect with a Federated Insurance® marketing representative to learn more and to access helpful PPE risk management resources. ★

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¹ Head, Eye, and Face Protection: PPE Employee Essentials. J. J. Keller Training Management Center. J. J. Keller & Associates, Inc.® Accessed 7/1/25. Available on mySHIELD.



SIGMA ANNUAL CONFERENCE

November 4-6, 2025

Grand Hyatt Nashville · Nashville, TN

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www.SIGMA.org

Inside

CONVENTIONS

Don't Miss Out - Register Now for SIGMA's 2025 Annual Conference!

SIGMA's 2025 Annual Conference is November 4-6 in Nashville, and you won't want to miss it! Networking, education, and The Music City – what more could you ask for?

Our education tracks are set. Timely topics that will give you takeaways you can put to immediate use once you get home and ending early enough in the afternoon to give you additional time for meetings with fellow attendees. You really can do it all!

Education Highlights

Opening General Session

Tuesday, November 4th | 3:00 PM - 4:30 PM

“Racing” to Achieve Your Goals Even in Tough Times

Keynote Speaker Josef Newgarden, INDYCAR Team Penske

SIGMA is honored to have a very special guest deliver our opening keynote remarks – Josef Newgarden, two-time, back-to-back winner of the Indianapolis 500 and native of Nashville, TN, Josef is one of the most notable figures on the racing circuit with a huge international following. Josef's career has had not only a fair share of triumphs, but also some very distinct challenges – not unlike many SIGMA members who face triumph and setbacks in their everyday business. As Josef will attest to – nothing is easy, but without some struggles and setbacks, there are no glories. You will not want to miss this session!

Breakfast Education Session with Federated Insurance

Wednesday, November 5th | 8:00 AM - 9:00 AM

Disaster Planning, Preparing for the Unexpected

Speaker: Jeff Mount, First Vice-President of Special Accounts Marketing, Federated Insurance

The cornerstone of every strong risk management plan is preparing for unexpected events, such as fires, severe weather, losses of key staff members, power outages, and more. This presentation will focus on steps a business should take to help expedite recovery and resume serving customers as quickly as possible. The presentation covers operations, employees, key contacts, IT resources, finances, and more as essential considerations for a proper plan.

Lunch Education Session

Sponsored by Titan Cloud Software

Wednesday, November 5th | 12:00 PM - 1:15 PM

The Only Market Overview You Will Need

Speakers: Megan Boutwell, President, Stillwater Associates, Jaime Brito, Executive Director, Refining & Oil Products, OPIS, a Dow Jones Company

There is so much happening both domestically and internationally that is going to have a huge impact on our downstream fuel markets. Whether it's the rapidly changing political climate here, or abroad, or whether it is other factors, one thing is clear – the supply, demand, and price picture has never been more complicated, or cloudy.

Until now. We have recruited two very special experts for this must attend lunch session Megan Boutwell from Stillwater, a nationally recognized consulting firm and Jaime Brito, Executive Director, Refining & Oil Products, OPIS, a Dow Jones Company. Megan and Jamie will present a comprehensive view of the U.S. supply / price and demand picture with insights into how it affects not only wholesale, but retail markets as well. And - not just short term, but long term as well. ►

Breakout Education Sessions

Wednesday, November 5th | 1:30 PM - 3:45 PM

Retail Workshop: Managing The “People Curve” – Outsmarting the New Generation

Speaker: Troy Calhoun, Vice President of Retail Operations for Southwest Georgia Oil Company

Unquestionably, one of the biggest challenges for retailers is not only recruiting employees and keeping them but doing so in what is clearly a new world and a demographic that is the most challenging in decades. The kinds of strategies that employers used in the past to recruit C-Store employees won't work anymore. The pool of available talent – the “new” generation - wants more, wants it faster, and expects to do less to get it.

What that means is that getting quality experience for your customers is more challenging than ever.

It's more than raising pay - whether moving to a daily payroll, or adjusting a dress code, allowing your employees to manage their time sheets through an APP, scheduling and trading shifts through an APP, offering daycare, Swag bags of seasonal merch, it's critical that employers embrace the new world.

In this session, we have Troy Calhoun from Southwest Georgia Oil Company who calls this situation “the greatest challenge their business has faced.” You need to win the convenience war, and in this session, you will come away with solid ideas on how to make that happen.

General Interest: RINS: What You Need To Know About What Is Changing

Speaker: Reo Menning, VP, RINAlliance

Members care deeply about Renewable Identification Numbers (RINs). But, for many, these complicated tracking mechanisms are incredibly confusing. To clear up the latest issues with RINs, SIGMA is presenting Reo Menning, President & CEO for nationally recognized RINAlliance. Reo is an expert on the subject and is supremely adept at explaining this so that everyone understands.

Reo will also touch on how small refinery exemptions, idled and low producing biodiesel and Renewable Diesel plants and the Bean Oil – Heating oil spread affect RIN values. This is one session that you won't want to miss.



General Interest: Death by a Thousand Cuts: How to Run a Paper Intensive Organization Efficiently

Moderator: Gary Bevers, DashFuels

Speakers: Fred Sloan, COO, TAC Energy, John Byrd, President Mansfield Energy, Lucas Cox, VP Fuel Supply & Trading, Gresham Energy, Matt Herndon, President & CEO United Petroleum Transport

Whether managing Retail or Wholesale Fuel operations, every organization is faced with a mountain of mission critical paper documents to manage their fuel business. From the BOL to Delivery ticket, to Supplier invoice to Freight invoice the reconciliation process for many is largely unchanged from 100 years ago. Attendees will hear from some progressive marketers that have made a substantial financial commitment to both improve their “paper” document management processes and deploy technology to speedup financial reconciliation, billing, and reporting.

Retail Workshop: Understanding the Petroleum Marketing Practices Act (PMPA), Outlining Key Responsibilities for Gasoline Retailers

Speaker: Otto Konrad Attorney, Williams Mullen

The Petroleum Marketing Practices Act (PMPA) provides critical protections—and outlines key responsibilities—for gasoline retailers operating under branded franchise agreements (pulled this from online- LOL) This session will break down the essential components of PMPA, equipping store owners and franchisees with the knowledge needed to safeguard their operations, understand their rights, and avoid costly legal missteps.

Whether you're a new franchisee or a seasoned operator, this session will clarify the complexities of the PMPA and help ensure you are prepared to navigate your rights and obligations with confidence.



Business Meeting and General Session

Sponsored by Flint Resources

Thursday, November 6th | 9:00 AM - 11:30 AM

Overcoming the Challenges of Year-Round E15

– A Look Ahead

Moderator: Kristy Moore, KMoore Consulting

Speakers: Andrew Falco, Director of Market Development Growth Energy, Jeff Dzirzanowski, Manager New Business Development Source University, Sarah Clark, Fuel Program Manager, Casey's (invited)

Fuel retailers across the country continue to add E15 to their product portfolio to diversify their offering and increase profitability. As E15 becomes available in more markets, this presentation will provide a high-level overview and help them understand if it is a viable product to add to their station and the challenges and benefits of year-round E15.

- Steps to begin selling E15
- Potential hurdles retailers may face, and how to overcome them
- Incentives, infrastructure grants, state standards
- Educate on best marketing practices
- Potential E15 legalization in CA

Solving the Driver Dilemma, Shaping the Workforce of Tomorrow

Speaker: Laramie Sandquist, Sr. AVP Agribusiness Risk Management, Nationwide

Selecting and shaping the fuel workforce of tomorrow by exploring how driver shortage and shifting labor pool are prompting fuel marketers to rethink how they identify, attract and prepare new talent. In this session, we will share practical strategies for selecting, hiring and onboarding the right candidates in a competitive and evolving market. Discover how structured onboarding, technology and safety programs can boost retention and build a more reliable, long-term driver workforce.

Don't procrastinate – visit the Event page on the SIGMA website (www.sigma/event) and get your team registered while rates are lower! ★



Kay Segal

Mark Your Calendars Now for SIGMA's 2026 Retail Marketing/ Foodservice Share Group Program!!

Thank you to our 2026 Share Group Sponsor



In today's competitive marketplace, the most successful retailers know that retail marketing is being driven by technology and foodservice.

For the 8th year, SIGMA is pleased to offer a share group designed specifically for our membership, providing off-the-record insights, commentary, and networking. This share group focuses on aspects of retail marketing and foodservice, providing unmatched interaction with peers.

Our 2026 program will feature three (3) meet-ups at industry events, two (2) in-person meetings, and one (1) virtual check-in.

Meet-Ups

Retail Marketing/Foodservice group members will gather at the following industry events for a group walk, happy hour, or meal.

February 15, 2026

- Meet-up Dinner at the Refrigerated Foods Association Conference, Ponte Verde, FL (<https://www.refrigeratedfoods.org/rfa-conference-registration>)
- Retailers must own and operate proprietary commissary operation. There is a registration fee for retailers.
- Suppliers must reach out to RFA. There is a registration fee for suppliers.

May 17, 2026

- Meet-up Breakfast during the NRA Show in Chicago (<https://www.nationalrestaurantshow.com/home/>)

June 8, 2026

- Meet up Breakfast during IDDBA June 7-9, 2026 in Orlando, FL (<https://www.iddba.org/iddba-show/about/iddba-2026>)

We will gather twice for in person meetings to hear the latest trends, visit pertinent market locations, converse with peers and obtain relevant educational information.

In-Person Meetings

May 15, 2026

- One day meeting ahead of the National Restaurant Association (NRA) Show in Chicago.

September 2026

- Multiday meeting at Weigel's in Knoxville, TN (week of 9/14).

Virtual Check-In

Our virtual check-in will be planned for November 2026. This program will include a presentation and time for virtual interaction.



SCAN HERE

Inside

FAMILY BUSINESS

PRESENTED BY RONALD C. REECE, PH.D.

Striving, Thriving, and Enduring Across Generations



Do you aspire to be an Enduring Family Enterprise? When you see an article featuring a 100-year-old family business, what do you think? Maybe you are already there.

In the world of family business, considerable emphasis and a bit of reverence, is placed on longevity. Generational businesses are highlighted frequently in Family Business Magazine. In fact, SIGMA's IGM July/August issue this year spotlighted Wayne Transport celebrating 75 years. And in March/April of 2024 Mirabito Energy was featured. Mirabito will reach the centennial milestone in 2027. Research on the factors related to family firms that have been around for 100 years or more has also been done. And to be eligible for membership in the Henokien Society in Europe, a family enterprise must be at least 200 years old. Considering 25 years as a generation, making it to, and through, the fourth generation is no easy feat. But what about 8 generations or more.

Looking back over 30 years of consulting to business families the majority of my work has been with 1st, 2nd, and 3rd generations. The small number of 4th generation businesses would be expected. Business decline in the third generation is

well known. Also, 3rd generation business families may sell all or part of the core business. The sell produces a liquidity event which means revenues will be invested in differing vehicles, some of which could be starting new businesses.

In the early years or founder stage. So much is about **Striving**. Striving means making great effort to achieve or obtain something, to struggle or fight vigorously. Most family businesses are born from the founder's audacity. Here the founding generation driven by entrepreneurial spirit strives to blend and balance the demands and complexities of family and business. There is entrepreneurial opportunism, experimentation, dedication, and a bit of luck that mixes to keep things moving. Just like The Little Engine That Could - I think I can. I think I can. I think I can. On more than one occasion, I have heard a founder say, "if I'd known what I didn't know before I started, I probably would not have done it," or "I was too dumb to realize what I didn't know." Striving to survive is the game being played, and the risk can be high. Making it through the first five years is an important marker. Establishing a strong customer base and the necessary economic strength can take 10 to 15 years. ►



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Becoming a reliable, trusted source of products and services. The founder generation hits a stride and enters the zone of **Thriving**. Thriving represents success, growth, and stability in the family business. The picture may now include the second generation with a maturing organization. There are early signs of professionalizing operations and creating a platform for expansion. Thriving businesses are characterized by clear channels of communication, quality family and non-family leadership, effective organizational structures, and a long-term vision. There's an integration of external expertise, management of family dynamics, and a demonstration of adaptability to changes in the marketplace.

Thriving is about building capacity in the messy middle. This growth phase happens as traction is gained. It involves scaling operations, expanding product lines or service models, and increasing market share. Business complexity grows along with return on investment. The next generation, involvement and influence increases, and navigating the relationship dynamics can be rewarding, but tensions can easily arise.

Here are some elements of family business wellbeing at this point:

- Shared Values
- Shared Power
- Traditions
- Willingness to Learn and Grow
- Activities for Relationship Maintenance
- Genuine Caring
- Mutual Respect
- Assist and Support One Another
- Well-Defined Interpersonal Boundaries

Usually, the family business has become a family enterprise by the time it enters the third generation. Family enterprise is more than just a legacy business. There are likely to be real estate holdings and maybe even an offshoot business entity along with financial investments for wealth management. For sure, this is the case in the fourth generation and beyond.

And what about the **Enduring** family enterprise? Enduring is about withstanding, having an existence or validity that continues and does not diminish. This stage indicates the business family's ability to sustain success across multiple generations. It is about mastering family ownership intrinsic challenges, continuing strong business performance, along with family commitment and capability. I believe that the degree of deliberateness is a significant differentiating factor from the earlier stages.

Longevity is shaped by values rooted in family and fueled by generations of dedication with success being measured

in many more ways than profit. It requires that guidance systems of strong governance are in place, along with clarity of ownership structure, professional wealth management, and the promotion of strong family values. For sure, enduring business families adopt a long-term perspective. Quarterly returns are not the objective. Commitment to renewal and adaptation are ever present. These enterprises exemplify unity, alignment, commitment, and execution.

Let's think of **ENDURING** this way.

Establishing values, principles, and mission that withstand time.

Nurturing leadership and family bonds across generations.

Dedication to long term vision, excellence, and growth.

Upholding traditions, honoring history, shaping the future with innovation.

Reinvesting strategically for growth.

Investing in people development, ensuring capability empowerment in the next generation.

Navigating change with resilient governance to adapt to evolving economics, industries and markets.

Growing roots that reach beyond family to become part of the local community and beyond.

So much is involved.

Kiplinger is an enduring American enterprise family name, and they advise:

- Success = humility, hard work, and consensus
- Be useful to your customers
- Share profits with employees
- Family members should work outside first
- No special privileges for family members.
- Fair compensation helps avoid conflict.
- Keep track of the value of the company.
- Build consensus on major decisions
- Remain privately owned.

Legacy isn't inherited. It is built, nurtured, and sustained. Thinking back to the founding years, I propose that the competency of Striving is always called for and necessary across generations. It never goes away. But in the late 2nd generation and beyond the focus needs to be **Striving for Deliberateness**. What do you think?

Ronald C. Reece, Ph.D. is a Consulting Psychologist who Specializes in Family and Closely Held Business Consulting.

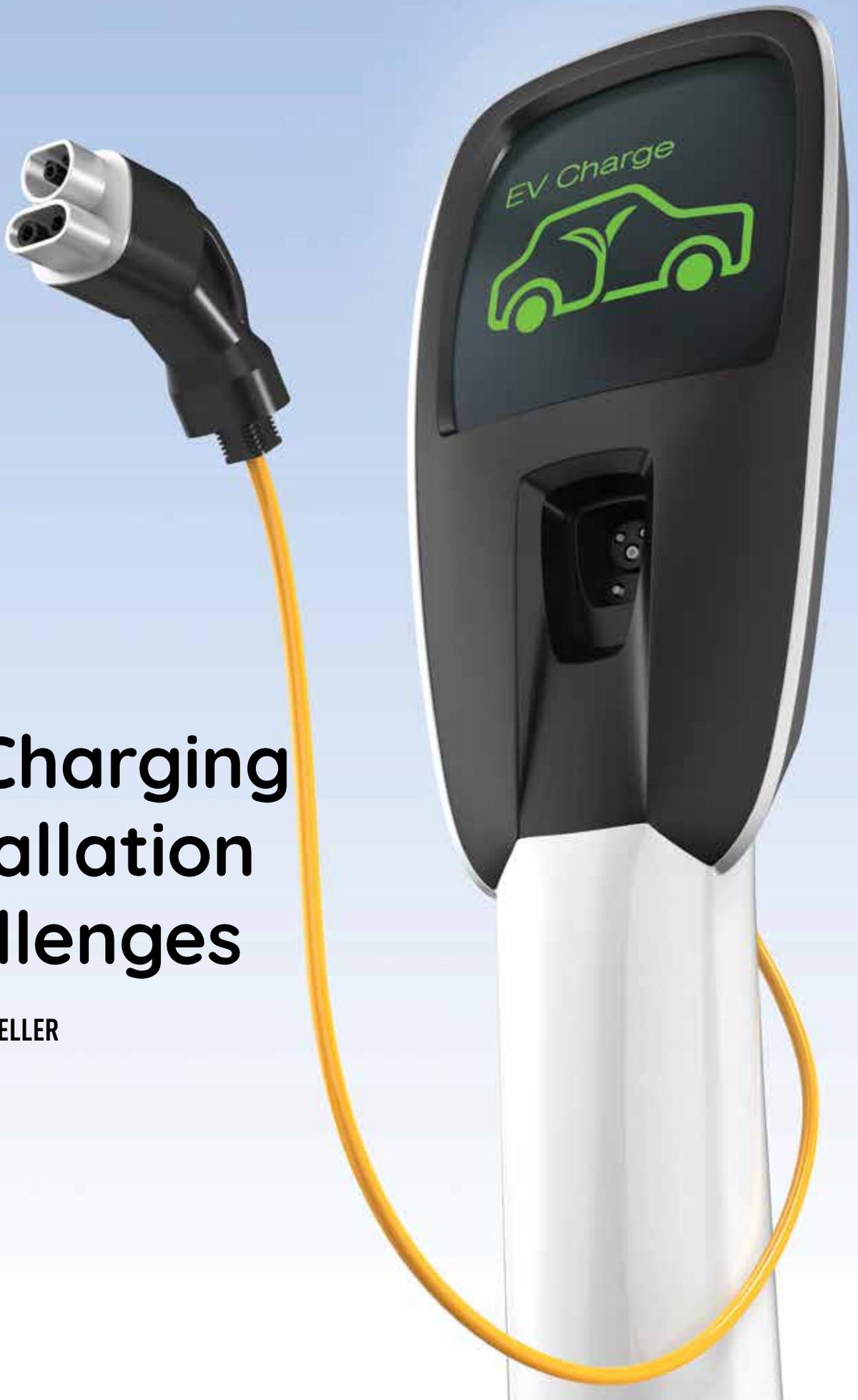
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EV Charging Installation Challenges

BY MAURA KELLER



As EVs make up an increasingly larger segment of consumer vehicles, it makes business sense for gasoline marketers to have EV chargers on site. However, the installation of EV chargers can be challenging, as electrical power requirements, site retrofitting, fire code considerations, and traffic flow restrictions, all need to be addressed long before power can flow.

According to Diarmuid Clancy, president of Maverick Electric Vehicle Services, as EVs become more commonplace, he is seeing more and more gasoline marketers and c-store owners embracing installing EV chargers in their facilities.

“We are seeing a clear shift in mindset. Gasoline marketers and convenience store operators are increasingly viewing EV charging not as a threat, but as a strategic opportunity to evolve alongside consumer demand,” Clancy says. “Many are actively exploring EV infrastructure as a way to future-proof their businesses, retain customer traffic, and open new revenue streams. The early adopters – particularly those with locations near highways, dense urban areas, or in states with strong EV mandates – are moving quickly to capitalize on available federal and utility funding incentives. They recognize that EV charging is fast becoming an expected service.”

Clancy points out that installing EV chargers comes with a fair share of challenges, particularly in light of the ever-evolving EV landscape.

“We see the primary challenges typically fall into three categories, including power availability, site layout constraints, and cost and uncertainty,” Clancy says.

It’s important to remember that most existing gas stations and convenience stores were never designed to handle the high electrical load required for Level 3 (DC fast) charging. As Clancy explains, in many cases, substantial utility upgrades are needed to accommodate EV infrastructure.

“These locations also often have limited space, making it difficult to integrate EV chargers, power cabinets, and traffic circulation without disrupting fuel operations or convenience store access,” Clancy says. Also, there are high up-front installation costs associated with EV chargers.

“Along with the pace of technological change and questions around return on investment, this can make it difficult for business owners to commit,” Clancy says. “Programs like NEVI, utility make-ready programs, and state grants can offset capital costs.”

Olga Haygood is the CEO of S44 Energy, an EV charging software company that powers software for the second-largest public charging network in North America and works with retailers and utility companies entering the EV charging space.

In fact, they recently did a proof-of-concept for a Fortune 10 company deploying its own EV charging network.

“We’re seeing growing momentum – especially among operators who are looking at how to stay competitive in a changing landscape. Many gas station chains and small retail chains along highways are exploring EV charging not just to keep up with policy shifts, but as a strategic move to attract new customers, extend dwell time, and drive incremental revenue,” Haygood says. “The most successful among them aren’t just thinking about hardware– they’re thinking about long-term operability, scalability, and how to integrate EV charging into their broader business model.”

As Haywood explains, retrofitting existing sites can be challenging. There are physical constraints like parking layout, ADA compliance, fire code requirements, and often limited electrical capacity.

“But just as important are the operational challenges – how to manage charging sessions, monitor uptime, handle pricing, and integrate EV charging into existing business systems,” Haywood says. “Many operators underestimate the complexity on the backend, which is where the right software partner becomes critical. Without flexible, scalable software, even a well-placed charger can underperform.”

Jackson Haskell is the director of EV infrastructure, Guardian Fueling Technologies, an 800-person gas station and private fueling integrator that is working to accelerate its position in the EV charging market and provide solutions for gas stations, fleets, and commercial properties.

Haskell is seeing an alignment to fundamentals around the return on investment that these chargers offer.

“Even accounting for in-store sales and assuming a generous EV adoption curve, owners and operators are right to scrutinize the project,” Haskell says. “The loss of major funding and tax advantages from the federal government have left EV charging to sink or swim on its own, depending on capital expense, operating costs, and paid utilization by electric vehicle drivers.”

Over the last few years, Haskell is seeing the massive consolidation of hardware and software vendors in EV charging has made it clear that owners and operators need to work with reliable, long-term partners who will support their product for decades to come.

“Many owners and operators are choosing to offer their sites to a CPO (charge point operator) who will provide the infrastructure and charging as a service, offering either a land-lease or revenue share to the site host,” Haskell says. “Tesla was able to aggressively roll out a charging network this way, ▶



and others have followed suit. This is a great option for site hosts that don't want the risk or expense associated with a large EV charging project, which can cost hundreds of thousands of dollars.”

Considerations To Make

When determining the appropriateness of installing EV chargers in existing gas stations or c-store environments, Clancy advises business owners to look at available electrical capacity.

“A detailed load study should be performed to assess existing power availability and determine upgrade requirements,” Clancy says. Also evaluate the site layout and vehicle flow as EV drivers need unobstructed access to chargers without disrupting fuel lane operations or causing congestion.

Haywood agrees that business owners need to determine if their site can support the electrical load required.

“Also, how will adding EV chargers impact your traffic flow and customer experience?” Haywood says. “And what tools will you need to manage charging as an ongoing service, not just a piece of hardware? Charging introduces a different kind of engagement – longer dwell times, digital transactions, and ongoing support expectations. You’ll want to evaluate software that allows you to manage pricing, access, load balancing, and user experience in a way that fits your business goals.”

Indeed, EV charging typically takes longer than traditional fueling, so gasoline marketers need to evaluate the customer

“dwell” time and determine how to best accommodate customers during their charging experience. For example, adding a foodservice component, seating, and WiFi may be needed to enhance the customer experience.

“At least one EV charging station must also be ADA-accessible, with proper slopes, markings, and clear paths of travel,” Clancy says.

From an infrastructure perspective, installing EV chargers, especially DC fast chargers, requires a robust and well-planned infrastructure, which typically includes:

- Three-phase electrical service (Preferably 480-volt)
- Dedicated transformers and switchgear
- Conduit runs and properly sized conductors
- Concrete pads, protective bollards, lighting, and signage
- Network connectivity for charger operation, monitoring, and payment systems
- ADA-compliant charging stall(s), including accessible route planning and signage

Haywood points out that the infrastructure requirements vary based on charger type. Level 2 chargers generally require less power and are easier to install with minimal upgrades. DC fast chargers, on the other hand, demand higher voltage and can require transformer upgrades, trenching, and coordination with the local utility. Gasoline marketers ideally need Level 3 (L3) fast chargers to ensure they can serve a steady stream of vehicles. However, installing L3 chargers typically requires

extensive site upgrades and permits that can be both cost prohibitive and time consuming. What's more, deployment costs, including hardware, software, and construction, can be significant and may not have a direct correlation to revenue generation.

"In the vast majority of cases, retail gas stations will require an entirely new and separate electrical infrastructure from the utility," Haskell says. "Most c-stores were built with a few hundred amps of 208V power, and a single EV fast charger can require 100+ times that amount of power. Also, it often benefits the operator to meter this power differently, treating it as a standalone asset."

In addition to higher-voltage infrastructure, most c-stores were built for low dwell times of around five minutes. Since even fast charging can take 15 to 30 minutes, Haskell says operators and owners should look for parking spaces that allow for longer dwell times without causing congestion for other drivers.

Haywood further stresses that business owners should start with a site assessment to understand their current electrical capacity, potential upgrade costs, and how much downtime or disruption installation might create. "Equally important is understanding how to manage the infrastructure after it's installed – what systems will you use to operate, monitor, and monetize the equipment?" he says.

It's also important to note that the construction activities of installing EV chargers may affect the day-to-day activities of the c-store or gas station, including power outages and traffic flow disruptions.

Maverick Electric Vehicle Services begins each project with a comprehensive site feasibility assessment. This includes a review of existing electrical capacity, spatial layout, permitting constraints, and projected costs. "While thresholds vary, a typical site should have at least 400 to 600 amps of available electrical service and clear space for two to four EV charging bays, including one ADA-compliant stall," Clancy says.

Haskell says the biggest challenge remains profitability, followed closely by cost of installation. The likelihood that the local electric utility will offer power infrastructure and ongoing electricity at a price that allows for the profitable sale of charging varies wildly by both state and electric utility.

"The loss of incentives for many properties has made the pursuit of ROI more difficult and more site-specific," Haskell says. "Owners and operators are challenged to become educated in not only the business of EV charging today, but also project that well into the future."

Some additional issues are likely to be resolved through electrical code and other regulations.

"ADA compliance has been relatively easy, and fire code is rapidly catching up to the need for fire suppression systems including fire blankets to cover EVs in the rare case of a fire," says Haskell, who adds that EV charging projects in some ways are much simpler than traditional fueling projects in that the infrastructure components are relatively simple: transformer, switchgear, conduit, power modules, and charging stations.

"Careful consideration should be given to the capital cost of the project, especially the electrical infrastructure, as well as the ongoing cost per kWh of power, often subject to demand charges that can spike utility bills," Haskell says. "All that said, the most important metric to get right is expected utilization, or the amount of electricity that the operator expects to sell on a daily and yearly basis." This can be difficult to predict, so operators and integrators should work closely with partners that can reliably model the low-high case for charger utilization.

Haywood believes charging will become an essential part of the gas and convenience experience – especially as more drivers expect fast, reliable charging in high-amenity locations.

"In the future, we'll see a mix of energy types offered side by side: gas, electric, maybe even hydrogen. But the big differentiator won't just be what's offered – it'll be how it's managed," Haywood says. "The operators who win will be those who invest in backend systems that give them control over the charging experience, pricing, uptime, and customer engagement."

Haskell says in the short term, we will see smart property owners install conduit during renovations and construction, which is an inexpensive way to future proof a site. In the medium term (one to three years), he expects to see more EV charging stations at gas retailers in major metropolitan areas, and along highways, especially at major intersections.

"These locations will likely be profitable due to the utilization of the charging stations, paired with in-store sales," Haskell says. "It's difficult to project further out into the future, as saturation of busy intersections and competition for drivers may increase. In addition, EV drivers have an option that's not available to gas drivers: to charge slowly at home, work, and while they shop, eat, or play." ★

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Current Market Conditions Present Questions about the Future

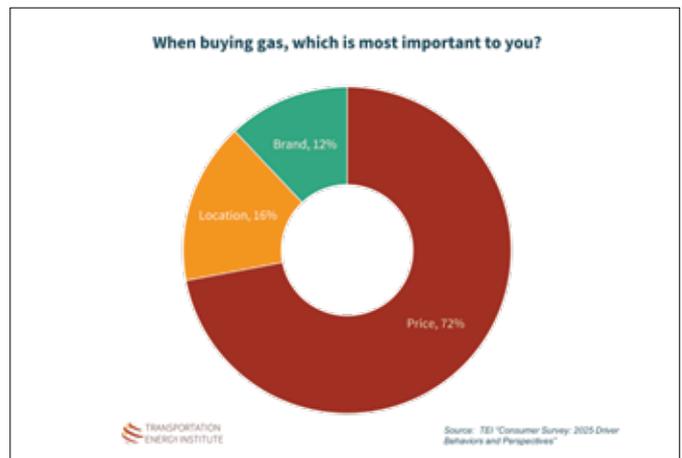
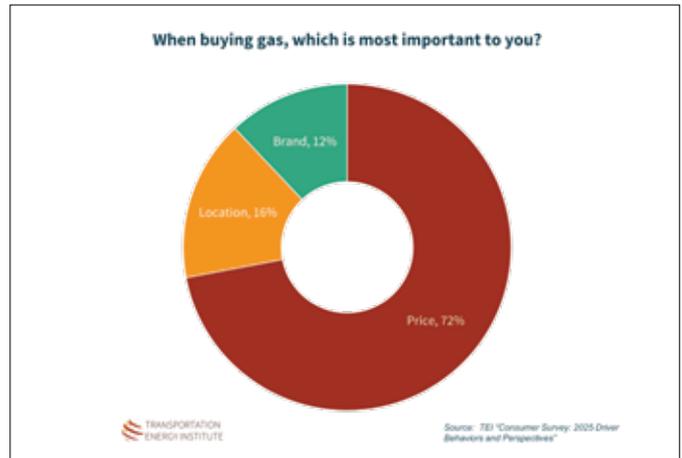
BY JOHN EICHBERGER, TRANSPORTATION ENERGY INSTITUTE

The transportation market continues to evolve for a variety of reasons, including economics, policy, and consumer sentiment. There is no confusion that U.S. policy as it relates to the transportation sector and the environment has changed significantly in the first six months of 2025. Congress has voted to repeal EPA's waiver that granted California the authority to ban combustion vehicle sales in 2035, tax credits for the purchase of electric vehicles will sunset on September 30, 2025, EPA is preparing to reverse its endangerment finding for greenhouse gases, NEVI funds for charging infrastructure have been stopped, federal policy support for domestic fossil fuel production has increased, and trade relations with long-term friends have been thrown into a blender. Meanwhile, key economic indicators for transportation energy have improved for consumers, yet their feelings about the economy and transportation are not very optimistic. For much of this, the overall implications for the transportation market will not be realized for some time, but at the half-way point of 2025 it is worth looking at where the market is so we can better monitor how it develops over the next six months and beyond.

Energy Prices

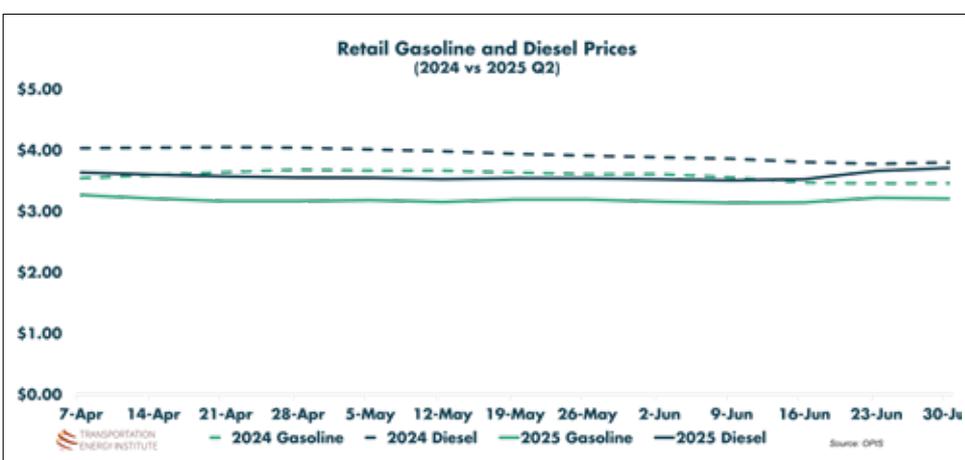
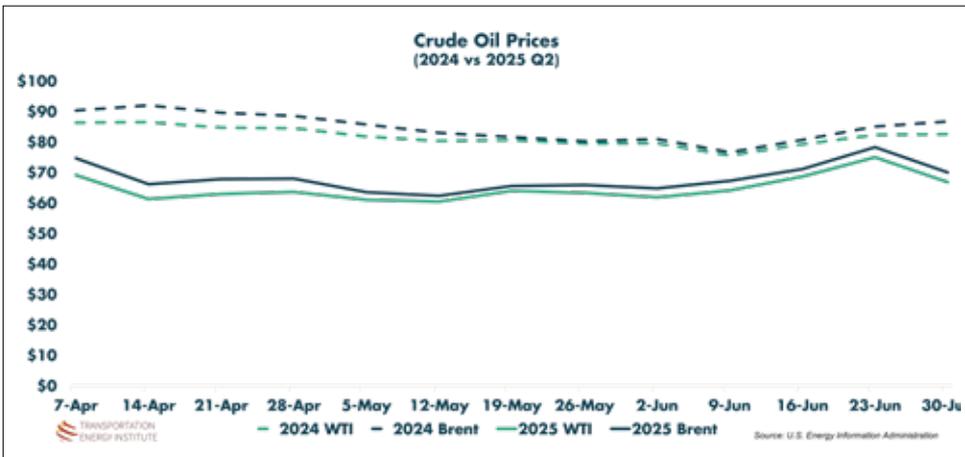
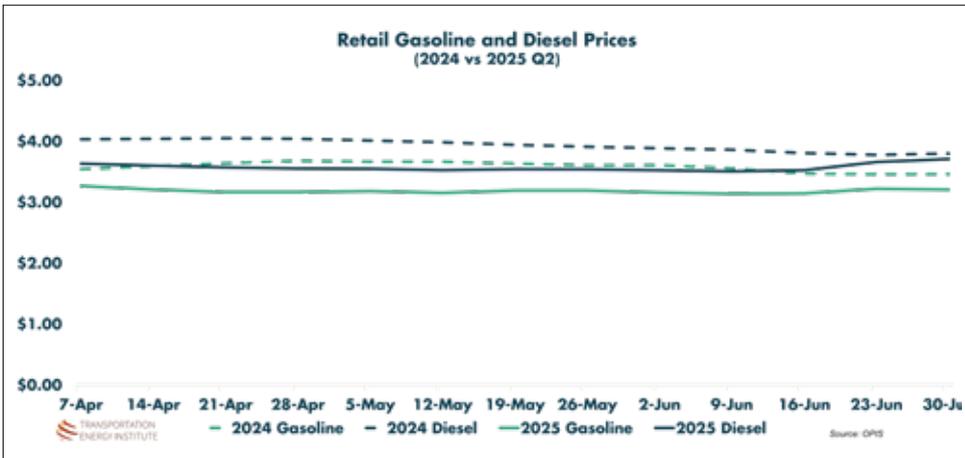
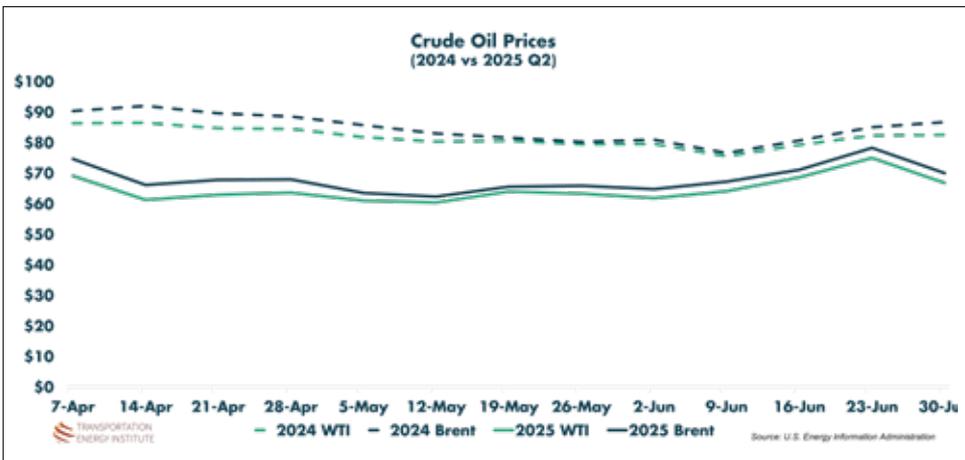
It is impossible to consider the transportation sector without first considering the price of energy. Because approximately around 98% of vehicles in operation in the United States remain powered by internal combustion engines and liquid fuels, we will focus our attention in this article on gasoline and diesel prices.

The impact of gasoline prices extends beyond the analytical. In TEI's "Consumer Survey: 2025 Driver Behaviors and Perspectives," we found that consumers remain very sensitive to fuel prices, even though prices had declined significantly when we fielded the survey. We found that 70% of consumers still ranked price as the most important factor when buying gasoline. We also found that gas prices had a great impact on 31% of consumers' feelings about the economy in general. But pricing trends seem to be heading in consumers' favor so far in 2025.



Second quarter 2025 crude oil prices, which currently comprise half of the retail price of gasoline according to the U.S. Energy Information Administration (EIA), have come down about 20% from second quarter of 2024. Meanwhile, national average retail gasoline and diesel prices have also come down 11% and 9%, respectively. ►

1. https://www.eia.gov/petroleum/gasdiesel/gaspump_hist.php



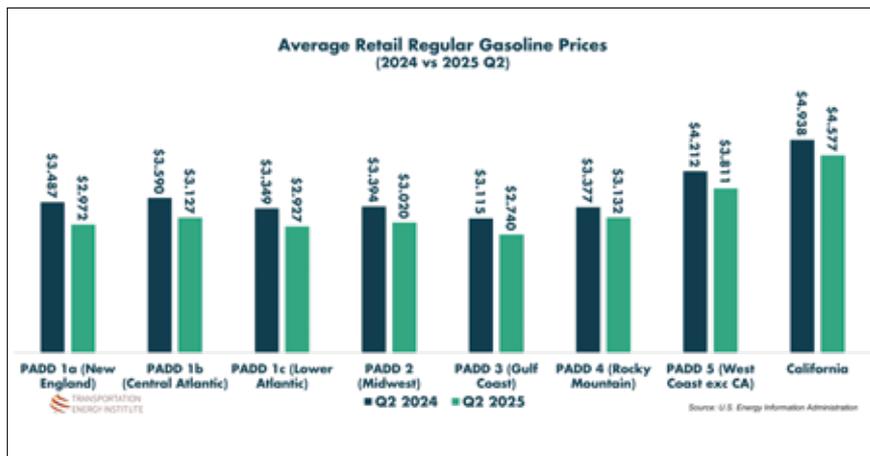
However, national averages do not really reflect what consumers are experiencing in their own markets. The charts on the left break down the average price of regular gasoline and diesel fuel by PADD (Petroleum Administration for Defense Districts) and, because it is often an outlier, California. In these charts, it is clear that retail prices have come down in every district but that consumers are not paying the same everywhere.

Vehicle Prices

While fuel prices are critical to understanding the affordability of transportation, the price of vehicles is another key indicator in how transportation affects consumer budgets and how it may change over time. The purchase of a vehicle is often the second largest expense a person will make, behind the purchase of a home, and it has a significant impact on their financials. There are nearly 300 million vehicles in operation in the United States and transitioning to more efficient or alternative fuel vehicles will be dependent upon the ability of consumers to afford a new vehicle.

The following charts show the average retail price of new and used vehicles from 2024 to 2025. As a frame of reference, in 2023 the median household income in the U.S. was \$80,610. The data

CURRENT MARKET CONDITIONS PRESENT QUESTIONS ABOUT THE FUTURE



presented below shows that the average price of new vehicles was up \$1,500 in June 2025 to \$47,527. Meanwhile, the average price of used vehicles was up \$800 to \$28,067. At the same time, interest rates have increased, as have monthly payments. According to a presentation at TEI'25 by Cox Automotive, interest rates in May 2025 for new vehicles were above 9% and for used vehicles were above 14%. The combined impact on consumers of higher prices and interest rates resulted in average monthly payments for new vehicles of \$787 per month and \$575 for used, which is equal to almost 10% of household income.

With the economy where it is and the price of vehicles being so high, it is not surprising that half of consumers believe now is a bad time to buy or lease a vehicle. In addition, 64% think that prices will go up next year and, consequently, only 39% say they were somewhat likely to acquire a new vehicle in the next two years. ▶



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.

3. <https://www.census.gov/library/publications/2024/demo/p60-282.html>

Vehicle Sales

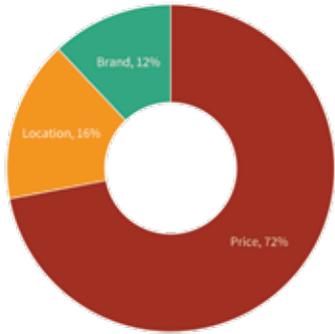
Given the pessimism consumers expressed about the current and future vehicle market, it will be very interesting to see how vehicle sales perform in the next six months and beyond. That said, it is worth taking a look at vehicle sales during the first half of 2025. While this data does not necessarily reflect the long-term implications of recent policy changes and might not reflect current consumer attitudes, it serves as a benchmark against which to compare the past few years and future sales data.

One important point to note regarding the impact of policy changes is that things will take time to be seen in the market. The TEI Board has convened several times this year and reaffirmed consistently that the market will adjust slowly and vehicle production strategies, while they may be tweaked slightly in the short term, are unlikely to be discarded entirely due to changing U.S. policy priorities, which have exhibited extreme policy volatility in the past 12 years. It is essential to realize that the transportation sector is global and that vehicle manufacturers must comply with requirements and expectations in a variety of countries and political jurisdictions. Consequently, it would be illogical to assume that changes in policy during the first six months of 2025 would have affected sales immediately, and the data supports that hypothesis.

Looking at vehicle sales by powertrain through the first six months of 2025 compared with the same period in 2024, overall light duty vehicle sales were up 3.8%. This is a positive sign for the market in general, although the input of consumers in our recent survey may work against that trajectory. During this period, internal combustion engine vehicle (ICEV) sales were down slightly by 0.75% while hybrid electric vehicles (HEV) were up 41.3% and battery electric vehicles (BEV) were up 9.8%. Plug in hybrid electric vehicles (PHEV) were the only group that was down, dropping 11.2%.

In terms of market share of the LDV market, these values shifted a bit with ICEV sales losing nearly 4% and HEVs picking up more than 3% to hit a segment high of 12.4% share of all sales. BEVs, meanwhile, did slightly expand their share during the first six months compared to 2024 to 7.2%, although they continued their market share slide that began following Q3 2024 when they accounted for 8.8% of sales. With the federal tax credit expiring at the end of September, many expect to see BEV sales spike during the third quarter and then fall significantly in the fourth, but we will have to wait to see how that plays out.

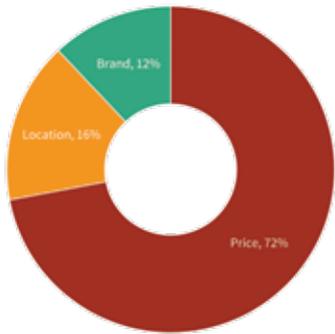
When buying gas, which is most important to you?



TRANSPORTATION ENERGY INSTITUTE

Source: TEI "Consumer Survey: 2025 Driver Behaviors and Perspectives"

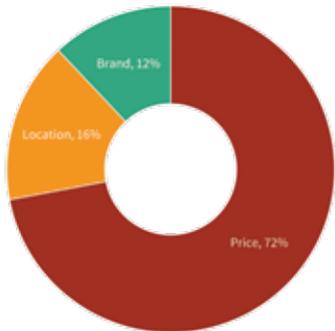
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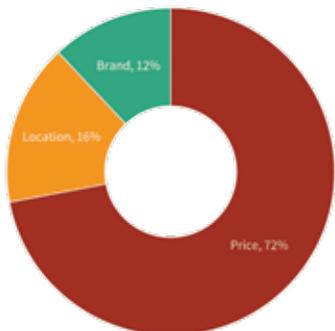
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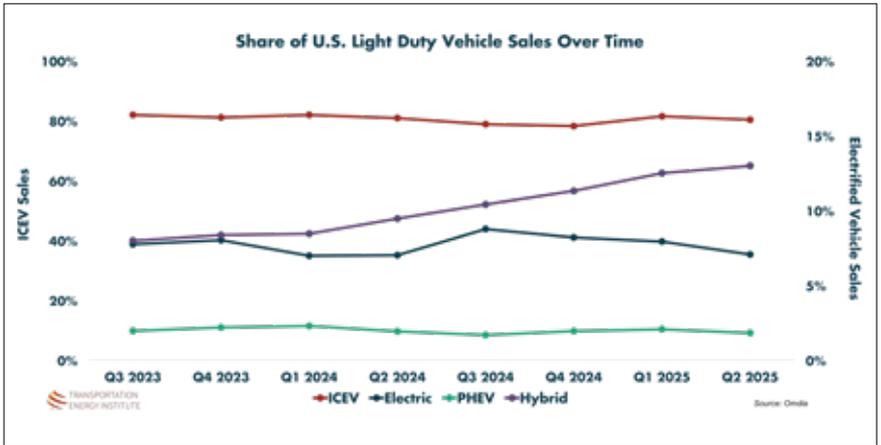
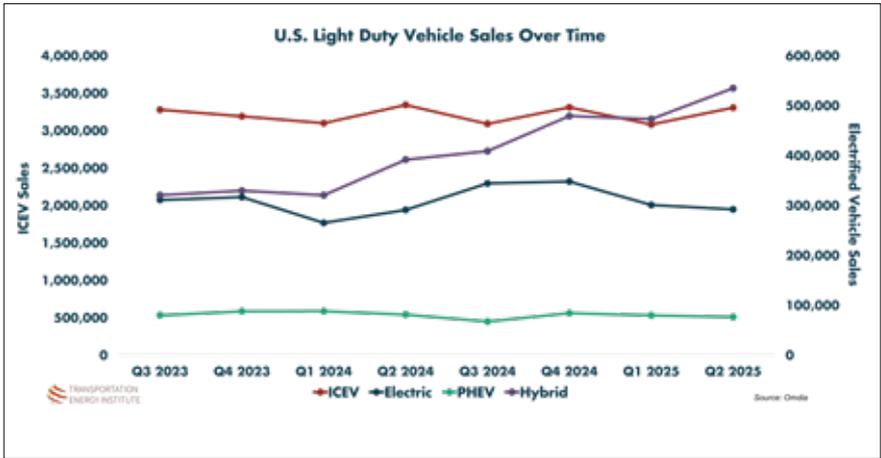
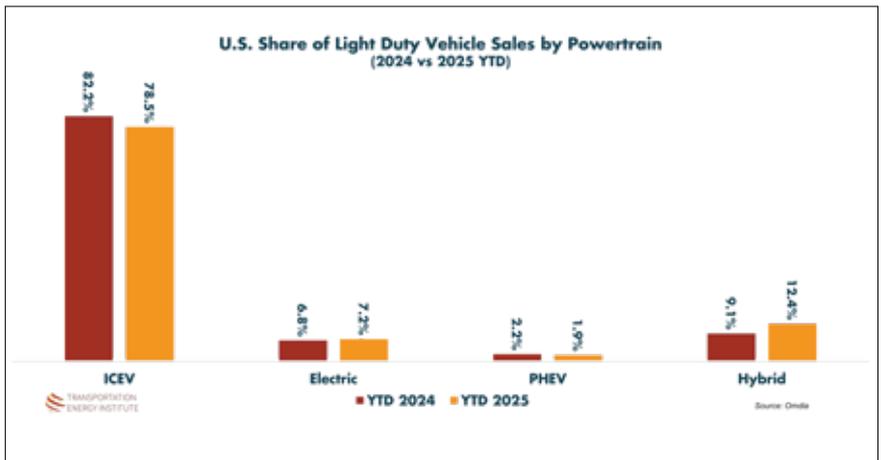
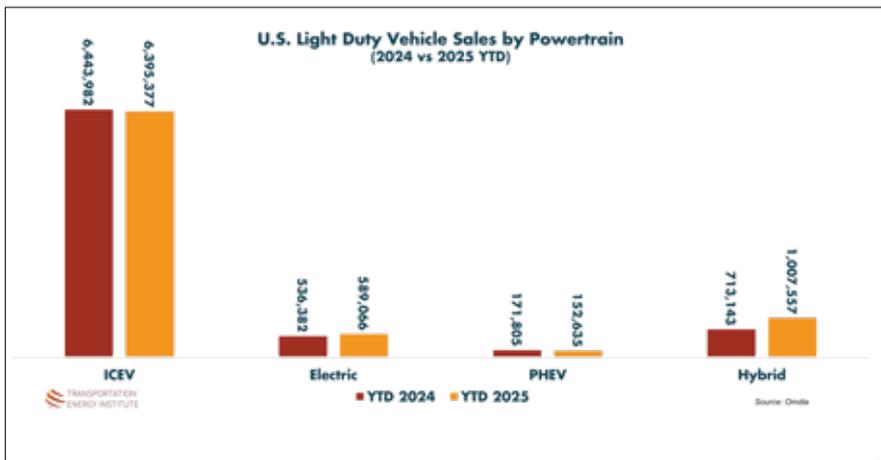
When buying gas, which is most important to you?



TRANSPORTATION ENERGY INSTITUTE

Source: TEI "Consumer Survey: 2025 Driver Behaviors and Perspectives"

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Taking a longer-term look at the vehicle powertrain market, going back two full years (eight quarters) overall LDV sales were up 5.5% compared with Q3 2023. ICEV sales were up 0.8% and HEVs were up 67.0%, while BEVs slid 6.1% and PHEVs decreased 4.2%. Some might claim that this data indicates the end of the golden age for electrics, but we disagree. BEVs, despite the attention they have attracted, remain a new technology and should be expected to have ups and downs as they gain their foothold. The really remarkable trend is the growth in HEVs, which deserves to be watched closely going forward as more automakers dedicate resources to these efficient powertrains.

Conclusion

The first six months of vehicle sales in 2025 seem to reflect a consistent trend with prior quarters, but this consistency may be short lived given consumer sentiment and policy shifts. The drop in oil and fuel prices has been seen in the past to influence consumer vehicle purchase decisions. When prices are low, alternative vehicle sales have stalled or declined, while they increase when pump prices are high. Should prices remain low, it could result in a shift of vehicle sales back to traditional ICE powertrains, especially in the absence of government incentives. That said, consumers who are more strongly attracted to electric vehicles may not be as influenced by fuel price volatility and rank-and-file consumers. The appeal of BEVs for the passionate buyers extends far beyond the price of energy and those appealing elements – performance, range, technology, emissions, charge-at-home – are only improving with new vehicle introductions.

TEI will continue to monitor market developments in both energy and vehicle sectors, seeking indications of long-term influence over the trajectory of the market. But we are currently in a very interesting situation in the market – how the economy, policy and technology will influence the future will be a fascinating study that we are excited to pursue over time. ★

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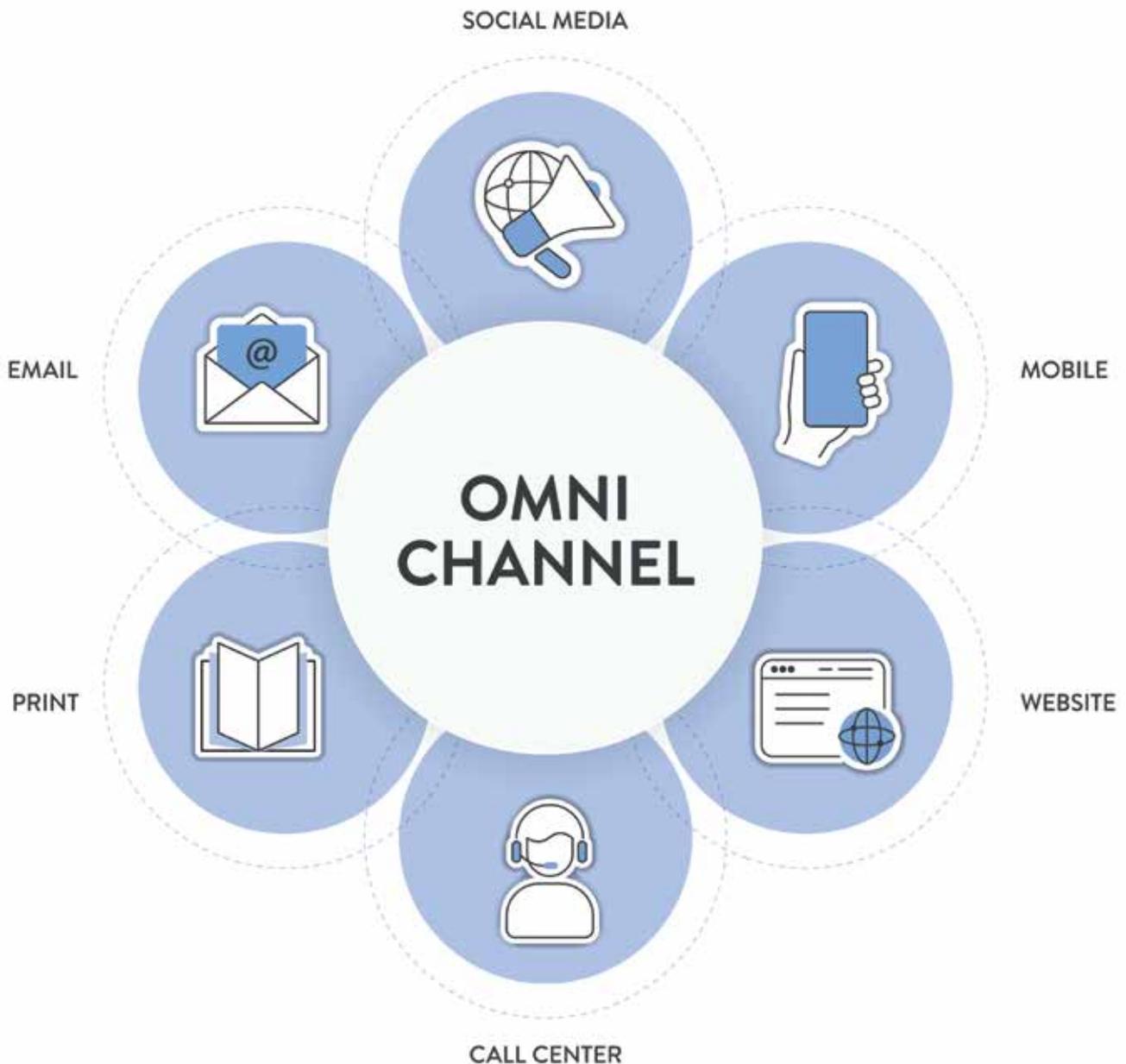
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EMBRACING THE OMNICHANNEL EXPERIENCE

BY MAURA KELLER



Retailers and manufacturers share the same goal: increase sales and improve margins on those sales. They also share the consumer – someone who expects an integrated, omnichannel experience, in which their likes and dislikes are “understood” on an individual level. In today’s complex retail environment, the requirements for delivering this consumer experience via an omnichannel strategy is proving to be a game changer throughout the gasoline marketing industry.

At Its Core

Donnie Fairbanks, senior loyalty strategist at Paytronix, stresses that omnichannel strategies really are essential to modern marketing efforts, and because of this convenience store decision makers are no stranger to the technique.

“Typically, in addition to in store marketing like traditional signage and retail media networks, most brands leverage a variety of digital methodologies like social media, mobile apps, SMS and email messaging, and more,” Fairbanks says. “Ultimately, these implementations are strategies designed to get in touch with customers wherever their preference lies. And even though virtually every brand has launched an omnichannel approach, that tends to be where the issues lie. Without the necessary data, operations or digital partners it can be difficult getting programs to be as efficient and connected as they could be.”

Wesley Almeida, loyalty and omnichannel retail expert, led the omnichannel strategy for Petro-Canada, Canada’s largest national fuel retail and wholesale network. Specifically for Petro-Canada, Almeida led the strategy, build, and deployment of their mobile app, allowing customers to pay for fuel, purchase and activate car washes/vacuum, surface a digital loyalty, access in-store offers, and more.

“C-stores are starting to use digital tools like loyalty apps, SMS, and push notifications to stay connected with customers beyond the forecourt,” Almeida says. “It’s less about flashy tech and more about being relevant. For example, if someone fuels up regularly on Thursdays, the system can prompt a coffee offer before they even pull in. It’s these micro-moments where omnichannel can make a real difference.”

When integrating an omnichannel strategy, Almeida advises gasoline marketers and convenience store owners to start small and build from real customer behavior. When Almeida worked on the Petro-Canada mobile app relaunch, they didn’t try to “boil the ocean.” Rather, they focused first on core customer needs – paying at the pump, earning loyalty points, and finding stations. Once that foundation was solid, they layered on tailored offers and targeted messaging. That phased approach worked because it respected both operational limits and customer expectations.

“Done right, it builds customer stickiness. You get more visits, more loyalty redemptions, and more insight into what’s actually driving behavior,” Almeida says. “It also opens the door to shifting some of your marketing into owned channels, which cuts costs and builds direct relationships instead of relying on third parties or aggregators.”

When evaluating if an omnichannel strategy is appropriate to use for specific business’ operations, Almeida says it really comes down to whether your store thrives on repeat visits.

“If you rely on fuel volumes and basket-building, an omnichannel approach can help tighten those loops,” Almeida says. “But it has to be frictionless. In a c-store, there’s no time for a multi-step digital dance. Offers and experiences need to be fast, contextual, and ideally tied to something the customer already values, like your loyalty program.”

Bob Bilbruck, CEO at Captjur, says omnichannel marketing in the c-store industry is really about creating a seamless experience for customers whether they shop in-store, online, or through mobile apps. It’s less about just promoting products and more about integrating various channels of communication and sales.

For example, convenience stores might use mobile apps or websites for ordering ahead, loyalty programs, and promotional offers, while still delivering the in-person experience customers expect.

“It’s also common to see integration with delivery platforms like UberEats or DoorDash, where customers can place an order from their phone and get it delivered,” Bilbruck says. “The key is that customers don’t feel a gap between the physical and digital experiences. Omnichannel strategies in c-stores combine in-store, online, and mobile experiences to provide seamless customer interactions, often integrating delivery platforms and loyalty programs.”

Bilbruck says the biggest benefit of omnichannel marketing is increased customer loyalty. When you provide multiple ways for customers to engage with your store, they tend to spend more and return more often.

“For example, offering a mobile ordering app or delivery option gives customers the flexibility they want. You also get a better understanding of their habits and preferences, which can improve inventory management and targeted marketing,” Bilbruck says. “On top of that, omnichannel strategies can lead to better operational efficiency. For instance, integrating in-store and online sales can help reduce waste or overstock, and tracking customer data can lead to more personalized service. Benefits include improved customer loyalty, better operational efficiency, personalized service, and better inventory management.” ▶

When implementing an omnichannel strategy, gasoline marketers need to understand their customer base – what channels they’re already using, and how they like to shop. Is it mobile? Online ordering? Delivery?

Bilbruck says that once they have that figured out, they need to make sure their tech stack can support it. This includes integrating point-of-sale (POS) systems with e-commerce platforms, having an inventory system that works across both in-store and online, and possibly setting up a loyalty program to bridge digital and physical touchpoints.

“Training employees is also crucial so they can help customers seamlessly navigate the experience,” Bilbruck says. “And lastly, marketing is key – getting the word out about the new omnichannel offerings and incentivizing customers to engage across channels. Key steps include understanding customer habits, integrating technology – POS, e-commerce, inventory – training staff, and marketing omnichannel services effectively.”

Challenges of the Omnichannel Strategy

The use of loyalty programs has rapidly risen over the last decade, and c-stores are no exception. “Almost every retailer has its own loyalty program, and these programs help to build out a c-store’s omnichannel strategy,” says Michael Jaszczuk, chief digital transformation officer and CEO, GK Software USA. “Customers can use mobile apps to compare the price of gas at nearby stores, order fresh food options for pickup, and access loyalty offers and promotions that enhance their in-store offerings.”

However, as Jaszczuk explains, the absence of a unified technology architecture is often the biggest challenge when it comes to an effective omnichannel strategy. When customers can access their loyalty program at all touchpoints, from the fuel pump to the in-store register and the mobile app, this creates a seamless experience that keeps customers satisfied.

“If the underlying technology can’t support all these touchpoints, the result is a clunky and disjointed experience that erodes customer loyalty,” Jaszczuk says.

Fairbanks says the two most important parts of successfully managing an omnichannel strategy is having a sizeable data pool to influence decisions, and the ability to process and analyze that data. The ability to process data can come from internal means or externally via a partner.

“In my eyes, one of the biggest challenges that comes with managing omnichannel strategies is having both elements readily available to you. Many brands have the data available to them but lack the operational capacity to transform the data

into something tangible,” Fairbanks says. “They often either have a great internal team, but one that wasn’t comprised with omnichannel in mind, or they don’t have the right external partner to turn the data into something else.”

Alternatively, there is always the opposite problem, meaning brands could have a great team but not enough of a baseline of data to make the decisions they want across multiple channels. Another challenge that brands face is managing integrations and the platforms necessary to their program.

“Between POS, combining CRM systems and loyalty suppliers, and more, it can really put pressure on the in-house brand to manage a program seamlessly,” Fairbanks says. “Unified platforms drastically improve the process and allow for seamless delivery of content and experiences.”

According to Almeida, one of the biggest challenges of using an omnichannel strategy in the gasoline marketing industry is integration, which has proven to be a hurdle for many entities in this space.

“Most c-stores are running separate platforms for POS, loyalty, ecommerce, and fuel – none of which were designed to work together,” Almeida says. “Without unified data, even the best marketing feels generic. There’s also the issue of scale. Many operators don’t have a dedicated tech or digital team, so they’re leaning heavily on partners or vendors to execute.”

For Bilbruck, the main challenges surrounding a typical omnichannel strategy come from the fact that c-stores are traditionally built on high-speed, low-cost operations, and an omnichannel strategy often requires more sophisticated infrastructure.

As he explains, managing inventory across multiple platforms, for instance, can get tricky. Many c-stores are small and have limited resources, so implementing an effective omnichannel strategy can be resource-intensive.

“There’s also the challenge of customer expectations – since they expect everything to be fast and efficient, it’s hard to maintain that level of service across multiple touchpoints,” Bilbruck says. “Additionally, there’s the issue of data management. Collecting and analyzing data from all channels to create a personalized customer experience requires the right tools and expertise, which can be a barrier for many operators. Major challenges include managing inventory across channels, balancing speed and efficiency, and handling data from multiple sources. Small c-store operations often struggle with the required resources and technology.”

The Right Fit

Evaluating omnichannel strategy suitability usually boils down to understanding customer demand and operational feasibility. As Bilbruck points out, owners/operators need to ask themselves: Do my customers want these services? What channels are they already using and where can I meet them? They also need to evaluate their capacity – do they have the staff, resources, and technology to support it?

“Unique to c-stores is the speed and efficiency factor. Customers expect convenience, so any omnichannel strategy needs to match that high-speed, low-cost model,” Bilbruck says. “Whether it’s streamlining order-ahead systems or offering fast delivery, anything that slows down the process could be a dealbreaker.”

Additionally, the c-store’s size and location will impact the strategy. A rural c-store may not have the same demand for delivery services as an urban one, for example.

“C-store owners evaluate omnichannel strategies based on customer demand, feasibility, and operational capacity,” Bilbruck says. “Speed and efficiency are especially important, and location influences what services are viable.”

Fairbanks adds that in evaluating the appropriateness of an omnichannel strategy, companies need to determine if they have cross channel data at a high level that supports the analysis and decision making necessary to do this effectively. Typically, this would start with a loyalty program with a significant member base, and an extensive understanding of their behaviors and preferences based on data.

“Although it is not a requirement to begin an omnichannel approach, I cannot overstate how significant it is to have a strong mobile strategy in mind. Having a constant presence in your customer’s pocket is absolutely essential, a poor mobile strategy can really impact the success of your campaign and put you at a competitive disadvantage,” Fairbanks says. “Lastly, the most important roadblock to determining if it is an applicable strategy for you is understanding how large and valuable your database is. Having a marketable database, and a loyalty program that is well supported is invaluable as you are beginning your omnichannel approach.”

A Positive Outlook

Looking ahead, industry experts agree that the omnichannel strategy has a place in the gasoline marketing industry.

In fact, Almeida says we’re going to see smarter personalization, especially on mobile. AI will also help surface the right offer at the right time, and more platforms will start talking to each other – loyalty, POS, and inventory.

“Over time, I think the line between ‘digital’ and ‘in-store’ will blur even more,” Almeida says. “The c-store of the future will feel like one seamless experience, whether you’re ordering ahead, paying at the pump, or just grabbing a snack on the go.” Bilbruck agrees that the future is definitely leaning toward a more digital and connected c-store experience. With consumer habits shifting toward e-commerce and mobile-first solutions, he believes we’ll see more c-stores leveraging mobile apps, online ordering, and even AI-driven personalization.

“We’ll likely see more partnerships with delivery platforms and possibly automated kiosks or AI-based ordering systems. I also think we’ll see greater emphasis on contactless payments and self-checkout options,” Bilbruck says. “Over time, as technology becomes more accessible and c-stores see the ROI, I expect omnichannel strategies to become less of an exception and more of a standard in the industry. The future will involve more digital integration, mobile apps, AI-driven solutions, and increased use of delivery and contactless payment options. Omnichannel will become a standard approach.”

More and more customers are using mobile apps to find the lowest price of gas in their area and take advantage of the latest mobile capabilities, like in-app coupons and order-ahead fresh food options.

“This trend will continue, meaning it’s critical for c-stores to enhance their mobile capabilities, but c-stores can’t forget the in-store experience as well,” Jaszczyk says. “C-stores can cater to both; it doesn’t have to be one or the other. A true omnichannel strategy is a win-win.” ★



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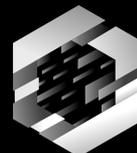
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Tax Deductions on Tips and Overtime Under Trump Tax Plan

BY DOUGLAS CHARNAS AND SUSAN DESMOND, MCGLINCHEY STAFFORD

On July 4, 2024, President Trump signed the “Big Beautiful Bill,” which contains two provisions that provide federal income tax deductions on both tips and overtime compensation beginning January 1, 2025, through December 31, 2028.

New Deduction on Qualified Tips

Effective for the years 2025 through 2028, employees and self-employed individuals may be eligible for a new federal income tax deduction for qualified tips received in occupations that the IRS identifies as “customarily and regularly receiving tips” on or before December 31, 2024.

Qualified tips include voluntary cash or charged tips received directly from customers or through tip-sharing arrangements, and must be filed on a Form W-2, Form 1099, or directly by the individual on Form 4137.

The deduction is subject to an annual cap of \$25,000. For self-employed individuals, it may not exceed the net income derived from the applicable trade or business, calculated without regard to this deduction. The benefit phases out for taxpayers with modified adjusted gross income over \$150,000, or \$300,000 for joint filers, and is available to both itemizing and non-itemizing taxpayers. However, individuals engaged in a Specified Service Trade or Business (SSTB) under section 199A and employees whose employers are in an SSTB are not eligible.

To claim the deduction, taxpayers must file jointly if married and include their Social Security Number (SSN) on their return. Employers and other payors will be required to file information returns with the IRS or the Social Security Administration (SSA) and furnish statements to recipients that disclose the amount of cash tips and the recipient’s occupation.

The IRS is expected to issue a list of eligible tip-receiving occupations by October 2, 2025 and provide transition relief for taxpayers and payors during the 2025 tax year.

What Employers Should Know About New Deduction on Qualified Tips

Employers have important new reporting obligations under the tip deduction provision. Employers must accurately report both cash and non-cash tips received by employees, along

with each employee’s occupation, on their annual Form W-2. For independent contractors who receive tips, businesses are required to file separate information returns, such as Form 1099, that reflect the total tipped amount and clearly indicate the recipient’s occupation.

It is important to note that Social Security and Medicare taxes, commonly referred to as FICA (Federal Insurance Contributions Act) taxes, remain applicable to all reported tips. The Social Security tax funds retirement, disability, and survivor benefits. Meanwhile, the Medicare tax supports hospital insurance for individuals aged 65 and older. Both the employer and the employee contribute equal shares of these taxes on all wages, including tips. Employers must continue to withhold and pay these taxes in accordance with existing law.

Additionally, the FICA tip credit, which was historically limited to food and beverage establishments, has been expanded to include employers in the beauty and personal care industries, such as salons and spas. However, to be eligible for the FICA tip credit, tipping must be customary and regular within the scope of the business. Employers in these newly included industries should assess their tipping practices and ensure compliance with both the reporting and tax obligations associated with this credit.

Practical Steps for Employers: Tips Deduction

Employers and management will want to consult with legal counsel to consider the following actions:

1. Identify covered occupations

Monitor IRS guidance to determine which occupations are considered to “customarily and regularly” receive tips as of December 31, 2024. Employers should begin documenting which employees fall within these categories.

2. Update payroll and reporting systems

Ensure payroll software can separately track and report both cash and non-cash tips, and associate each with the employee’s occupation. This will be essential for accurate Form W-2 reporting. ►

3. Enhance tip reporting procedures

Reinforce procedures for employees to report tips accurately and consistently. This may include periodic training or requiring tip declarations at regular intervals.

4. Prepare for expanded Information return requirements

If paying tipped independent contractors, develop a system to capture and report tip amounts and occupations on Form 1099 or another IRS-approved statement.

5. Maintain compliance with FICA tax obligations

Continue withholding and remitting Social Security and Medicare taxes on all tips, as FICA obligations remain unchanged by the new deduction.

6. Assess FICA tip credit eligibility

For employers in beauty, personal care, and similar industries, evaluate whether tipping is customary and regular to determine potential eligibility for the expanded FICA tip credit.

7. Monitor IRS transition relief and future guidance

Stay alert to upcoming IRS publications, including the expected occupation list by October 2, 2025, and any transition relief applicable to tax year 2025.

Federal Deduction on Overtime Compensation

Effective for the years 2025 through 2028, eligible individuals may claim a federal income tax deduction for qualified overtime compensation received in excess of their regular rate of pay. This includes the “premium” portion of overtime, such as the additional half-time amount paid under the Fair Labor Standards Act (FLSA) as part of “time-and-a-half” compensation. The deduction does not apply to any overtime wages paid in addition to those required under the FLSA, such as agreements to pay double overtime (sometimes found in collective bargaining agreements).

Basically, the portion of overtime that is above the individual’s normal hourly pay is the portion that is eligible for the tax break on overtime pay. To qualify, the overtime compensation must be reported on a Form W-2, Form 1099, or another specified statement furnished to the individual.

The maximum deduction is \$12,500 per year for single filers and \$25,000 for joint filers. The benefit phases out for taxpayers with a modified adjusted gross income exceeding \$150,000, or \$300,000 for joint filers. The deduction is available to both itemizing and non-itemizing taxpayers. To claim the deduction, taxpayers must include their SSN on the return and, if married, must file jointly. Employers and other payors are required to

report the total amount of qualified overtime compensation paid during the year to both the IRS (or SSA) and the recipient.

The IRS will issue transition relief for tax year 2025 for both taxpayers and reporting entities to help implement the new deduction and associated filing obligations.

What Employers Should Know About Overtime Compensation Deduction

Although the new federal deduction for overtime compensation is claimed by individual taxpayers, employers have important responsibilities in supporting accurate reporting. Specifically, employers must identify and track the portion of overtime pay that qualifies for the deduction, which is the premium amount paid above the employee’s regular rate under the FLSA. Accurate payroll records are essential, as incorrect reporting may limit an employee’s ability to claim the deduction or lead to compliance issues.

Employers will be required to report the total amount of qualified overtime compensation paid to each employee on annual wage statements such as Forms W-2 or 1099. These forms must reflect the correct amounts and be submitted to the IRS or SSA and the employee. Employers should begin reviewing their payroll systems, verifying SSN records, and preparing for updates to reporting formats.

In addition, employers should monitor IRS guidance regarding implementation and transition relief for the 2025 tax year. Consulting with legal and tax professionals can help ensure reporting practices align with the new requirements. Clear communication with employees about how overtime is calculated and reported will also support a smooth transition.

Practical Steps for Employers: Overtime Compensation Deduction

Employers and management will want to consult with legal counsel to consider the following actions:

1. Review overtime pay practices

Ensure all overtime compensation complies with the FLSA and is clearly documented. Only the “premium” (e.g., the additional half-time pay) portion of time-and-a-half wages is deductible by employees.

2. Configure payroll to track overtime premium separately

Adjust payroll systems to distinguish between regular wages and the overtime premium amount. This will support proper reporting and help employees claim the deduction.

3. Prepare for new reporting requirements

Employers must furnish annual statements (e.g., Form W-2 or

Form 1099) that clearly reflect the total amount of qualified overtime compensation paid to each worker.

4. Verify SSN collection

Since employees must include their SSN to claim the deduction, employers should ensure

accurate SSN records are maintained and verified for all employees.

5. Coordinate with tax and legal advisors

Engage internal or external tax counsel to ensure that pay structures and recordkeeping comply with evolving IRS guidance and that reporting formats meet new requirements.

6. Communicate with employees

Provide employees with clear documentation and guidance to support their ability to claim the deduction, including properly labeled wage statements.

7. Monitor IRS updates

Stay informed about transition relief for tax year 2025 and any subsequent changes to reporting standards or eligibility rules. ★



A prominent and nationally known corporate and tax attorney, Douglas Charnas counsels clients on such transactional and corporate issues as taxation, formation and operations, service and lease agreements, international and domestic operations, and succession planning. Doug brings to his practice more than four decades of experience advising clients on individual, corporate, and partnership matters that include corporate structure, formation, governance, and reorganization issues. He represents non-profit organizations and companies in a range of industries, including health care, telecommunications, professional services, pharmaceutical, restaurant, and retail. He also handles controversies that arise in state and federal investigations.

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The Case for Specialized Software: Why Best-in-Class Solutions Are Winning Over All-in-One Platforms

BY STEVE RUHL, GRAVITATE



Evaluating Your Technology Strategy

Your current technology may be showing its age, approaching end-of-life, falling short of evolving business needs, or delivering subpar service levels. As you search for modern solutions to address specific operational challenges, you'll face a critical decision: Should you invest in multiple best-in-class specialized solutions that integrate together, or seek a single platform that attempts to handle every business function?

While both approaches have merit, the industry is rapidly shifting toward specialization—and for compelling reasons that directly impact your bottom line.

The Evolution of Business Software Integration

In the late 1980s and early 1990s, petroleum software vendors operated in isolated silos. Integration wasn't necessary because there was little to integrate with. ERP systems handled most business functions but left gaps in specialized processes. When

integration was attempted, it was typically expensive, time-consuming, and frustrating.

This experience shaped the mindset of early software adopters, who passed down a simple philosophy to succeeding generations: "Integration equals problems; single solutions equal simplicity." Each additional software platform required dedicated resources for maintenance, training, updates, and data management.

However, the landscape has transformed dramatically over the past decade.

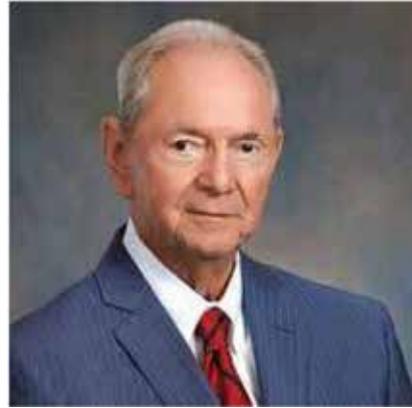
The Modern SaaS Revolution

Today's cloud-based Software-as-a-Service (SaaS) solutions have fundamentally changed the integration equation. Advanced API (Application Programming Interface) technologies now make connecting multiple software solutions faster, more cost-effective, and remarkably seamless. ►



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ABOUT HASKEL THOMPSON & ASSOCIATES

Executive Recruiters, Haskel Thompson & Associates, has specialized in delivering results in the oil and energy business sector since 1979. We excel in the three industry segments of upstream, midstream, and downstream. We have successfully placed personnel in convenience and fuel retailing, consumer products and manufacturing, private equity, and QSR spaces. Our team works with a wide range of top-tier candidates from middle management to C-Suites. The HT&A team identifies personnel who are the right fit, at the right level, and with the right industry experience. With our professionalism, the executive recruiting team demonstrates a deep understanding of corporate needs and tailors its' services to the client's organizational needs.

VALUE PROPOSITION

As the industry continues to grow, HT&A has been at the forefront of recruiting top-tier candidates for middle management, research & development, and senior executives. With extensive experience and proprietary processes, we locate the best organizational talent. Since our founding in 1979, we have been the leading executive recruiting firm within the oil & gas industry - particularly as the ebb and flow of merger and acquisition consolidations create organizational gaps and opportunities. With an abundance of knowledge in the industry and the largest network available, the executive recruiting team at HT&A provides the security of knowing critical positions will be filled by quality candidates.

MAJOR PRODUCTS, BRANDS, AND/OR SERVICES

With over forty years of experience, we are confident that we are the right choice for the recruiting needs in the oil and energy business sectors. We have the experience, passion, and the energy clients require to complete the job swiftly.

With the evolution of organizations, markets and engagement has transformed both leadership needs and solutions. Industry transformation and its broad-based complexity compel clients to engage advisors who understand their business strategies and cultures. Focused, strategic growth requires strong, diverse candidates who can devise tactics and work within critical timelines.

With a highly experienced and skilled recruiting team, our first and most important step is to listen to our clients. The next step is asking the critical questions to further understand client needs and wants. Then, our highly skilled recruiters begin the process to leverage their resources and strengths to tailor the search. Relationships ultimately rely on trust and communication. The relationship that is built between the recruiting team, the client, and the candidate is the foundation of a successful search. We are dedicated to the development of our team members so clients can always feel they are being represented by best efforts.

MAJOR INITIATIVES, EVENTS, OR UPDATES IN 2024

Haskel Thompson & Associates LLC has engaged in many new initiatives thus far in 2023. As the demand increases in hiring and partnering with key companies, we have been fortunate enough to be able to bring on key new employees to better assist in a faster placement process. Along with the team growing, we have made drastic improvements in technological advancements by implementing a new recruiting software that has drastically improved sales, placements, recruiter productivity, and the applicant management process.

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THE CASE FOR SPECIALIZED SOFTWARE: WHY BEST-IN-CLASS SOLUTIONS ARE WINNING OVER ALL-IN-ONE PLATFORMS

Modern software providers are gaining competitive advantage by developing highly focused, best-in-class solutions that excel in specific areas—whether that’s customer portals, retail fuel pricing, dispatch optimization, contract management, tax compliance, billing automation, or environmental monitoring. These specialized tools integrate smoothly with your core business applications while delivering superior performance in their targeted functions.



The Costs of Putting All Your Eggs in One Basket

The argument for single-vendor simplicity has merit: fewer vendor relationships to manage, consolidated support, and unified training. However, this approach may limit operational excellence, as specific functionality of your software may lag behind the industry best practices, and cost your team valuable productivity.

Diversification can be applied to more than just your investment portfolios. Integrating specialized, best-in-class technology can yield huge dividends in efficiency through automation, error-reduction, and improve your bottom-line. In the ultra-competitive fuels market, every point saved per gallon matters. Making the Transition: Due Diligence Best Practices

As you evaluate the shift from monolithic solutions to specialized best-in-class platforms, thorough due diligence becomes essential:

- **Reference Verification:** Speak directly with current customers about their real-world experiences
- **Peer Consultation:** Leverage your industry study groups and professional networks for vendor insights
- **Documentation Review:** Ensure vendors provide comprehensive statements of work outlining specific deliverables, expected outcomes, and realistic timelines
- **Integration Testing:** Verify API capabilities and integration requirements before committing

While limiting vendor relationships remains a valid consideration, partnering with specialists who solve specific business challenges offers distinct advantages:

- **Superior Functionality:** Focused solutions typically outperform generic modules in their specialized areas
- **Faster ROI:** Purpose-built tools often deliver measurable returns more quickly
- **Expert Support:** Specialized vendors understand your industry’s unique challenges and regulatory requirements
- **Continuous Innovation:** Companies focused on specific solutions can innovate faster than those spreading resources across multiple functions

The future belongs to businesses that strategically combine specialized solutions to create competitive advantages. Rather than settling for adequate performance across all functions, consider the power of excellence in each critical area of your operation.



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U.S. Gasoline Prices Rise in August

BY HANNAH BORAI AND STEPHANIE CRAWFORD, ARGUS MEDIA



U.S. gasoline prices experienced an early-August rise following a spate of U.S. Gulf Coast refinery problems and thin imports in the U.S. Northeast. The largest Gulf Coast refineries to report issues included Motiva's 626,000 b/d refinery in Port Arthur, Texas, which had a process upset and flaring on 1 August. Valero's 290,000 b/d refinery in Corpus Christi, Texas, and Pemex's 312,500 b/d refinery in Deer Park, Texas, experienced flaring on 29 and 31 July, respectively.

As a result, refiners turned to the spot market for gasoline. Buying interest for Gulf Coast premium CBOB gasoline surged at a higher rate than other regional gasoline grades, driving cash differentials up to a premium of 7.5¢/USG to the September RBOB NYMEX contract on 7 August after 12 consecutive sessions of gains. Price spreads between regular-octane CBOB and premium CBOB also widened to 21.75¢/USG, highs not seen since 21 August 2024.

Still, outright gasoline prices at the pump largely continued to reflect the downward pressure from a steady decline in RBOB NYMEX futures. U.S. retail gasoline prices climbed to a five-week high in the week ended 4 August according to the U.S. Energy Information Administration (EIA). But this was down by 30.08¢/USG from the same week in 2024.

Gulf Coast refinery utilization rates rose to 97pc in the week ended 1 August, just as several refineries began to experience upsets. On the U.S. East Coast, shortages of lower-octane CBOB have materialized on both Colonial and Laurel pipelines, boosting refinery runs in the Gulf Coast, but also narrowing CBOB octane spreads in the east coast. Consequently, a majority of the traded premium CBOB gasoline remained in the Gulf Coast for regional blending. In the U.S. Northeast, New York Harbor RBOB neared seasonal-high premiums to NYMEX gasoline futures in early August as a spot shortage persisted because of tighter gasoline blend margins and lower imports.

Blend margins tightened toward the end of July due to thinner resupply of gasoline blending components, which also coincided with lower finished gasoline imports. Blend margins were already narrow earlier this season when soft RBOB demand dominated the spot market. In the meantime, finished gasoline imports declined in late July and early August, exacerbating depressed gasoline inventories across the region. Atlantic Coast finished gasoline imports dropped to a three-week low at 101,000 b/d during the week ended 1 August, according to EIA data. Imports averaged 117,000 b/d during the July through early August period, compared with 153,000 b/d in June.

Market participants continued pointing to a narrow transatlantic arbitrage most of the season.

Atlantic Coast refinery runs also dropped toward the end of July, likely resulting in less regional production of gasoline blendstocks. Runs averaged about 83pc from mid-July through early August, compared with about 89pc in early July. ★



Hannah Borai has been a market reporter for Argus Media since 2023, and she currently covers the US Gulf coast gasoline market on Argus Media's US Products team in Houston.



Stephanie Crawford is an associate editor and US Atlantic coast gasoline reporter on Argus Media's US Products team in Houston, with more than nine years' experience covering refined product prices.



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From the Terminal to the Bank: Tracking Every Drop of Fuel for Operational and Financial Gains

BY TONY CAPUTO, WARREN ROGERS



**Track actual
fuel delivery
amounts
from the
rack...**



**To every
store...**



**Through
your fuel
systems and
meters....**



**With
precision fuel
inventory
accounting
and EPA
compliance....**



**and take
more
profits to
the bank.**

In the retail fuel industry, success isn't just about selling more gallons—it's about **accounting for every gallon** you purchase, transport, and dispense to your customers. Whether you're running a handful of sites or a national network, untracked fuel can lead to compliance risks, operational blind spots, and profit loss.

That's why end-to-end fuel tracking—from the terminal all the way to the point of sale—is critical.

With modern technology and integrated systems, fuel operators can monitor and manage the entire lifecycle of their fuel: from terminal lifts, through transport and delivery, to storage tanks, dispensers, and finally into revenue reporting. Done correctly, this process improves compliance, increases visibility, and helps protect razor-thin fuel margins.

Here's how a complete fuel tracking system works—and why it's essential for today's fuel operators.



1. It Begins at the Terminal

The journey starts when fuel is lifted at the terminal. Tracking systems are available that can integrate with carrier and dispatch data to record lift volumes and delivery details in real time.

This visibility allows operators to:

- Match terminal lifts to delivery logs
- Verify correct volumes and grades were loaded
- Flag potential diversion or delivery errors
- Coordinate site delivery windows and staffing

Early tracking ensures accountability before the fuel ever reaches your site. ▶





2. Delivery to the Underground Storage Tanks (USTs)

Once fuel arrives at the store, it's typically offloaded into underground storage tanks. This step is where small losses or mistakes can start to impact your margins—unless monitored closely.

Integrated fuel monitoring can:

- Confirm that the volume delivered matches the bill of lading
- Detect discrepancies between scheduled and actual deliveries
- Monitor tank levels throughout the offloading process
- The reported results can then help to identify cross-drops, water contamination, or equipment issues

Rather than relying solely on manual checks or driver paperwork, operators can rely on real-time data and automated alerts to ensure accurate fuel reconciliation.

3. Tracking Through Meters and Dispensers

Once stored, fuel still needs to make its way through lines and meters to be sold at the dispenser. This part of the system is critical to ensuring that every gallon is sold and accounted for accurately.

With real-time diagnostics and system integration, operators can:

- Reconcile meter readings with tank withdrawals

- Detect meter drift or calibration errors
- Identify line losses, slow leaks, theft, or dispenser malfunctions
- Optimize preventative maintenance schedules

By tracking the flow from tank to nozzle, discrepancies are caught quickly—whether caused by mechanical failure or calibration shifts—before they result in financial or regulatory impact.

4. Compliance Monitoring and Documentation

Fuel operations are heavily regulated at the federal, state, and local levels. Environmental compliance, Weights & Measures accuracy, and safety protocols all require meticulous monitoring and recordkeeping.

Your more-advanced automated fuel tracking systems support compliance by:

- Performing curated daily inventory reconciliation to show precisely-calculated fuel inventory on hand and net or gross variances
- Managing tank and line leak detection systems
- Documenting alarms, responses, and test results
- Providing a digital audit trail for inspections and reporting
- Fully-automate inventory reconciliation reports
- Eliminate the work required to investigate large variances

FROM THE TERMINAL TO THE BANK: TRACKING EVERY DROP OF FUEL FOR OPERATIONAL AND FINANCIAL GAINS



This reduces the burden on store staff to conduct lengthy and slow-moving investigations and minimizes the risk of fines, violations, or environmental incidents.

5. Turning Data Into Profit

When you have full visibility into your fuel—from terminal to dispenser—you can start turning operational data into business intelligence.

Benefits include:

- Identifying high-shrink or underperforming sites
- Reducing delivery inefficiencies or costly delays
- Improving meter calibration and maintenance planning
- Spotting procedural training needs at the site level
- Maximizing uptime, compliance, and customer trust

In an industry where fractions of a cent matter, fuel tracking is one of the most direct ways to protect margins and improve bottom-line performance.

Conclusion: Visibility, Control, and Profitability

Fuel tracking from terminal to bank is no longer optional for serious operators—it's a business imperative. When systems are integrated across delivery, storage, dispensing, and accounting, operators gain the insight and control needed to run tighter, more profitable fuel operations.

Whether you manage 10 locations or 1,000, every gallon that's tracked is a gallon that's protected—from both loss and liability.



Tony Caputo has worked in the fuel, convenience, and grocery industry for over thirty years, holding a variety of corporate and division leadership positions at The Kroger Co., Kroger SPG & Convenience Group, and EG America. He has extensive background and experience in

marketing, merchandising, risk management, fuel management, environmental compliance, and operations. In prior roles, Tony was pivotal in the startup and implementation of The Kroger Co.'s 1,600 location fuel program, including the introduction of the Shell affiliate program and leadership of their national fuel merchandising and on-site marketing programs. Transitioning to EG America, Tony oversaw EG's US corporate risk and environmental programs for 1,100 convenience locations.

Tony joined the Warren Rogers' team in 2020 and supports the growth of Warren Rogers and lending insight into the continued development of their advanced wet-stock management tools. Tony enjoys helping fuel operators better understand ways to improve their overall efficiency in the forecourt and assist corporate staff in streamlining their compliance, maintenance, and supply roles.

Tony can be reached at tcaputo@warrenrogers.com and (M) 540-314-6210.

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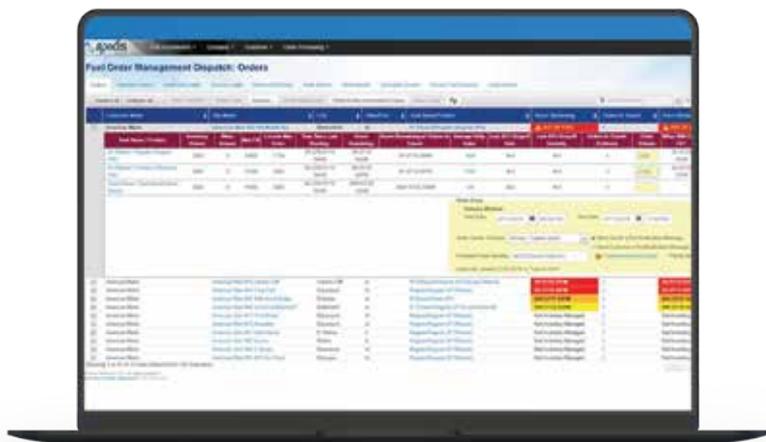
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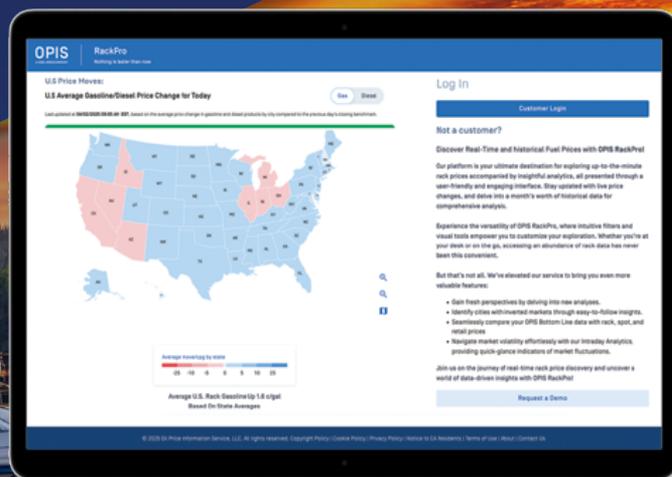
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The One Big Beautiful Bill: Another Octane Booster for the Fuels Distribution and Convenience Retailing Industry

BY DAVID L. CORBETT, CFA, DIRECTOR, MATRIX CAPITAL MARKETS GROUP, INC.
DOWNSTREAM ENERGY & CONVENIENCE RETAIL INVESTMENT BANKING GROUP

The Tax Cut and Jobs Act of 2017 (“TCJA”) provided an array of tax changes supportive of a strong M&A market, many of which were set to expire at the end of 2025 or continue on a sunset path for the next several years. While there are a range of economic factors that have an impact on M&A activity and valuations, the phase out of some of the TCJA provisions had many market participants and spectators concerned that the looming sunset period could have a chilling effect on the market.

Then came the One Big Beautiful Bill (“OBBB”). Introduced on May 20, 2025, the bill contained much of President Trump’s proposed tax and spending campaign platform and went through over a month of stumping by supporters and opponents. Ultimately, the bill was narrowly passed by the Senate and House of Representatives and signed into law on July 4, 2025.

Matrix published a refresher on the key features of the TCJA as it relates to mergers and acquisitions and corporate capital investment in the March/April 2023 IGM issue, and this article serves as an update focusing on the facets of the OBBB that are most relevant to the same topics for business owners in the fuels distribution and convenience retailing (“FDCCR”) industry.

100% Year One Expensing for Qualifying Capital Investments

For some historical context, prior to the TCJA being signed into law, Section 168(k) of the tax code allowed for additional first year ‘bonus depreciation’ to be deducted on certain qualifying property. Under this provision, 50% of the adjusted basis of ‘original use’ property, which was considered to be new rather than used, could, but was not required to, be depreciated and expensed during the year in which it was acquired. An asset could qualify for this bonus depreciation by meeting certain criteria, but the broadest and most applicable characteristic was for the property to have a regular depreciable life (tax basis) of 20 years or less. Broadly speaking, this threshold included most tangible personal property and excluded most

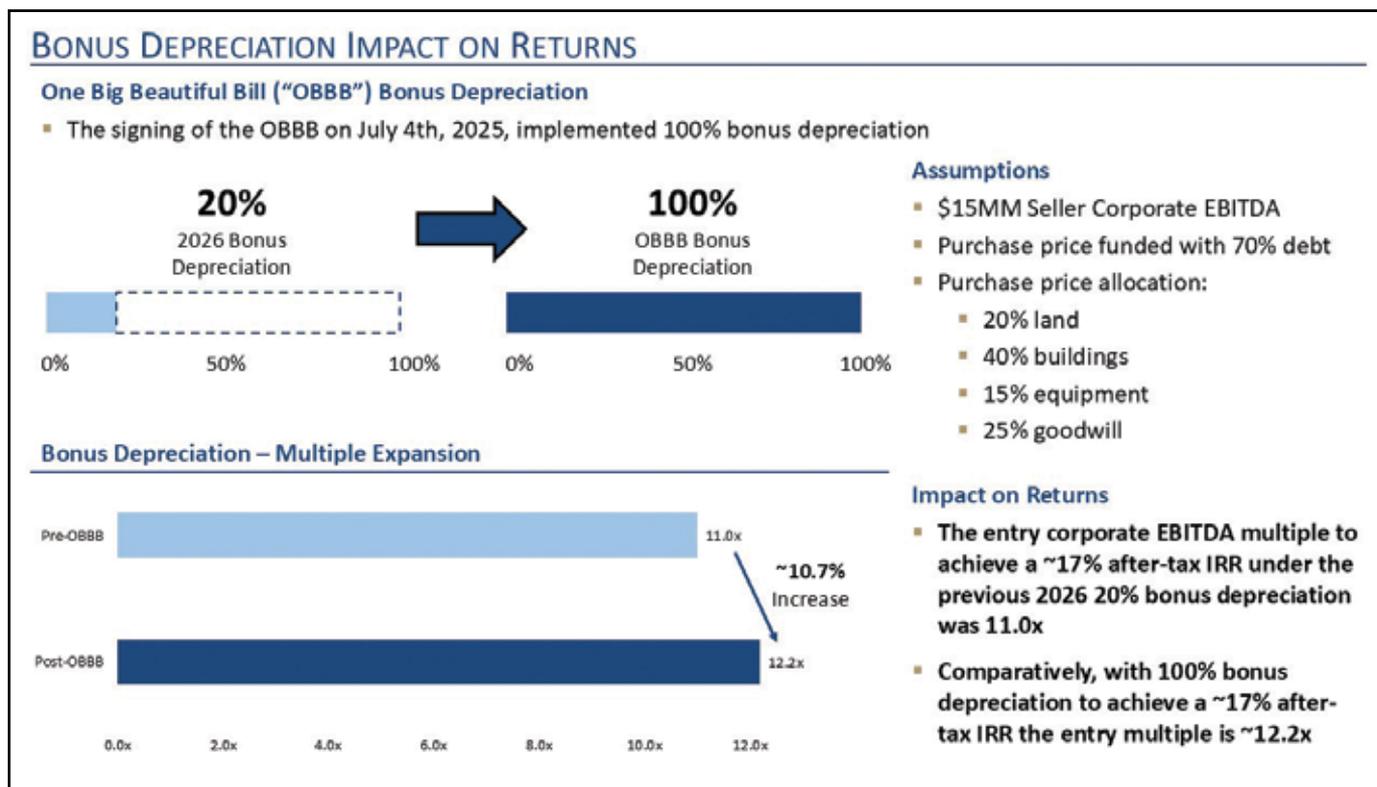
real property (e.g. land and buildings – although convenience store/gas station buildings would typically qualify as 15-year property).

The TCJA retained the framework of Section 168(k) bonus depreciation, but also expanded it in several key ways. First, taxpayers were allowed, starting in 2018 and through 2022, to deduct 100% of qualifying property and immediately expense it in the year of acquisition rather than depreciating it over multiple years. Beginning in 2023, this provision entered a stepdown period in which smaller percentages of bonus depreciation could be taken in year one. The stepdown period schedule of year one expensing of qualifying property was scheduled as follows: 2023 (80%), 2024 (60%), 2025 (40%), 2026 (20%). The second key change to the provision was the requirement that the property must be ‘original use’ was removed, which allows complete first year expensing of qualifying assets, regardless of age, so long as it is the taxpayer’s first use of the property.

The OBBB reverts to and makes permanent the original TCJA 100% year one depreciation of Section 168(k) qualified property acquired and placed in service after January 19th, 2025. Outlined in the following exhibit is the example impact to the internal rate of return (“IRR”) for an acquirer in an M&A transaction based on the shift from the 20% bonus depreciation that would have been available in 2026 if not for the OBBB versus the 100% bonus depreciation rate provided by the OBBB. The example assumes an asset structure transaction with 70% of the total purchase price being funded with debt and the remaining 30% through cash equity. For the IRS form 8594 purchase price allocation, 40% is assumed to be allocated to buildings and 15% to equipment (categories used in this example are assumed to be subject to bonus depreciation). Based on the assumptions in this example, a buyer could pay ~11% more with 100% bonus depreciation and achieve the same internal rate of return versus if they only receive year one bonus depreciation of 20%. While the characteristics of each transaction are unique, this example illustrates the power of

the time value of money and the impact that accelerated depreciation can have on returns and the ability for buyers to pay more for businesses due to this provision.

Example Impact on the Internal Rate of Return of the Shift Back to 100% Bonus Depreciation



Business Interest Deduction Limitation

Section 163(j) of the tax code generally limits the tax deductibility for business interest expense to 30% of adjusted taxable income (“ATI”). Prior to 2022, ATI was based on earnings before interest, taxes, depreciation and amortization (“EBITDA”). Beginning in 2022, adjusted taxable income was calculated on earnings before interest and taxes (“EBIT”), which is net of non-cash expense amounts for depreciation and amortization and had the effect of decreasing the cap on the deductibility of interest expense for tax purposes. For tax years beginning after December 31, 2024, the OBBB permanently reinstates EBITDA as the metric being used to establish adjusted taxable income. The OBBB also requires interest expense that has been capitalized along with the assets acquired utilizing the debt (such as inventory or fixed assets) to be included in the amount of interest measured in the 30% ATI cap. This can also limit the amount of interest expense reflected in the P&L that can fall within the 30% cap.

Despite the interest capitalization provision, generally speaking, the switch back to EBITDA from EBIT as the measure of ATI increases the cap on deductibility of interest expense and the corresponding tax shield effect. This is especially relevant for businesses with significant section 168(k) assets eligible for the previously mentioned bonus depreciation or those that have made acquisitions for which there would likely be a portion of the purchase price allocated to goodwill, which is amortized for tax purposes.

The table on the next page is an example illustration of the potential impact of the OBBB interest deduction provision. While the figures are purely illustrative, in this case the use of EBITDA rather than EBIT as the benchmark for ATI results in a 50% increase in the interest deduction. As a result, in the case of an acquisition, a buyer could theoretically utilize additional debt to fund the purchase and achieve a point of equilibrium at which they would achieve the same after-tax free cash flow. The reduced equity contribution in this scenario would allow for either a greater IRR or allow the buyer to increase the purchase price and achieve the same IRR.

THE ONE BIG BEAUTIFUL BILL: ANOTHER OCTANE BOOSTER FOR THE FUELS DISTRIBUTION AND CONVENIENCE RETAILING INDUSTRY

OBBB Business Interest Deduction Provision Example		
Component	Pre-OBBB	Post-OBBB
Taxable Income	\$2,500,000	\$2,500,000
Plus: Interest Expense	\$7,380,000	\$7,380,000
Plus: Interest Income	\$120,000	\$120,000
Plus: Depreciation	\$0	\$3,000,000
Plus: Amortization	\$0	\$2,000,000
Equals: Adjusted Taxable Income	\$10,000,000	\$15,000,000
30% Interest Deduction Limit	\$3,000,000	\$4,500,000

Expansion of Section 1202 Benefits for Small Business Stock

While Section 1202 of the tax code has been in existence since 1993, the OBBB made several modifications that are beneficial for owners selling a business. The original provisions of Section 1202 allowed non-corporate taxpayers to exclude a specified percentage of their gains from the sale or exchange of qualified small business stock (“QSBS”) held for at least five years. This generally includes stock issued by domestic C-Corporations with gross assets that do not exceed \$50 million and that do not conduct certain non-qualifying trades or businesses (which generally includes service providers such as legal, healthcare, accounting, etc. whose primary asset is human capital). Prior to the advent of the OBBB, the amount of gain that could be excluded was generally limited to the greater of either \$10 million or 10 times the aggregate adjusted bases of the QSBS issued by the corporation and sold during the taxable year.

The OBBB ushered in the changes to Section 1202 outlined in the table below for QSBS issued after July 4th, 2025, while QSBS issued prior to this date must adhere to the pre-OBBB rules. The new parameters for QSBS stock issued subsequent to the OBBB allows for gain exclusions as soon as three years after issuance on a graduated basis through year five. The new regulations also increase the gross asset limitation threshold to \$75 million and the gain exclusion cap to \$15 million or 10 times the basis of the corporation’s QSBS that is sold. The gross asset limitation and flat dollar exclusion cap both include an inflation indexing feature to allow for what would ostensibly be future increases in the amounts.

Section 1202 Qualified Small Business Stock Benefits		
Feature	Pre-OBBB	Post-OBBB
Stock Holding Period Requirement	5 years	Lowered to 3 years and instituted a tiered system: (i) 50% of gain is excluded for QSBS held for 3 years (ii) 75% of gain is excluded for QSBS held for 4 years (iii) 100% of gain is excluded for QSBS held for 5 years
Gross Asset Limitation Threshold	\$50 million	\$75 million (indexed for inflation)
Single Issuer Exclusion	\$10 million	\$15 million (indexed for inflation)

While Section 1202 is tailored only for a subset of businesses given the parameters around corporate structure (C-Corporation), company size and transaction type (stock sale), among others, it can provide meaningful tax savings in the event of a sale or liquidity event and particularly in the context of stock issued subsequent to the OBBB.

Qualified Business Income Deduction

Section 199A of the TCJA was designed to provide tax relief through a qualified business income deduction (“QBI”) to sole proprietorships and pass through entities such as S-Corporations that did not receive the benefit from the reduction of the federal C-Corporation tax rate to 21%. There is quite a bit of nuance in terms of the practical application of the QBI that is beyond the intended scope of this article, but generally speaking, the deduction is equal to the lesser of 20% of qualified business income plus 20% of qualified real estate investment trust (“REIT”) and qualified publicly traded partnership (“PTP”) income, or 20% of taxable income, less net capital gain. QBI is the net amount of qualified income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer; however, it does not include any qualified REIT dividends or qualified PTP income. Combined QBI is the aggregate of the deductible amount for each of a taxpayer’s qualified trades or businesses plus 20% of the taxpayer’s aggregate REIT dividends and income from PTPs. ▶



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Like many provisions in the tax code, there are a number of caveats and exclusions that impact the application of the QBI provision. There are generally income limitations for the provision, particularly related to professional service businesses, but fortunately the majority of businesses in the fuels distribution and convenience retailing sector sit outside of that definition and would likely take more complete advantage of the provision, subject to the general income limitations.

The QBI 20% deduction from the TCJA was slated to expire on December 31, 2025. As part of the OBBB, this provision has become a permanent part of the tax code and extends what has been a meaningful tax rate reduction for pass-through entities. Had this provision not been extended, the tax burden on pass-through entities would have increased, which would have reduced the free cash generating capability of these businesses, including acquired business assets, and thus require a lower purchase price to achieve the same cash-on-cash return.

Conclusion

While there may be continued debate as to the longer-term impact of the OBBB on the federal deficit and the U.S. economy as a whole, it is clear that many of its provisions are

very favorable to those operating, buying and ultimately selling businesses. The provisions outlined in this article are only a subset of the OBBB focused on businesses but have been highlighted as they are most relevant to the fuels distribution and convenience retailing industry, and are meaningful supplements to the historically low tax rates that have been in place since the passage of the TCJA. Operating fundamentals, M&A activity and valuations in the industry have held up very well over the last several years relative to many other industries, and the advent of the OBBB should provide the market additional support for continued strength and potentially enhanced trends over the years to come. ★



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Harvest and Holidays Arrive with Poor Diesel Stocks and Weak Demand

BY AARON TUCKER, S&P GLOBAL COMMODITY INSIGHTS

Diesel approached its busy fall season in short supply but in shorter demand, at least in the United States.

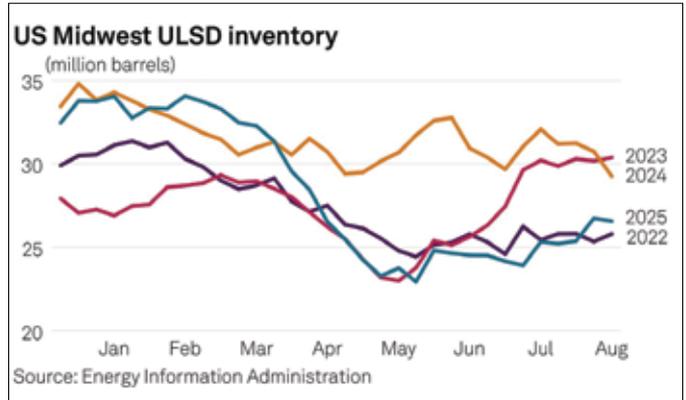
As the summer ended, U.S. distillate traders and schedulers were examining current storage levels and diesel demand to determine how much volume they needed for the rest of the year. Fall tends to be a boon for Midwest diesel traders, as heightened volatility amid the crop harvest season can cause prices to fluctuate dramatically, as those who drive diesel vehicles surely notice at the pump. Then comes winter, when heating oil needs emerge, mostly in the Northeast but also in the Midwest.

Diesel traders closely monitor storage and demand data in the Midwest, where the planting and harvest seasons significantly influence price. Farmers and ranchers require diesel to run tractors, combines and other heavy equipment.

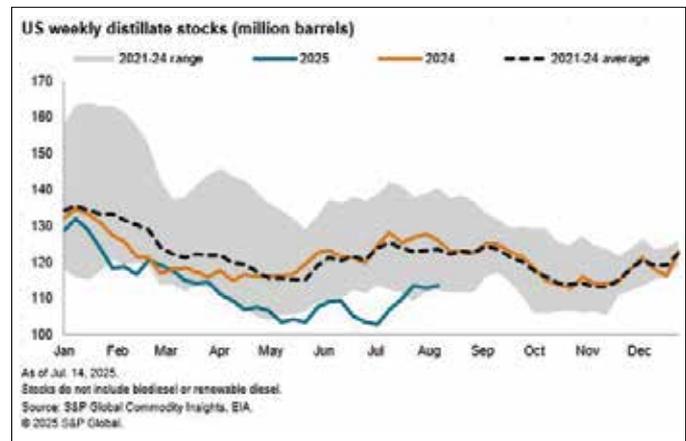
In 2024, the Platts Group 3 X-Grade ULSD differential to the underlying NYMEX ULSD futures rose 12 cents/gal over a month and a half as buying pressure increased ahead of the fall harvest. In 2023, however, diesel differentials jumped over \$1.15/gal in just three weeks as peak demand outpaced available supply, causing a severe shortage.

Outright prices during the autumn trough-to-peak periods moved from \$2.071/gal on Sept. 10, 2024, to \$2.3957/gal on Oct. 7, 2024, while in 2023 it jumped from \$2.9612/gal on Oct. 5 to \$4.2541/gal on Oct. 20, according to Platts, part of S&P Global Commodity Insights. Platts assesses bulk trades of typical 10,000-barrel lots out of a refinery or storage in the Midwest, while wholesale rack prices and prices at the pump range much higher due to taxes and logistics.

On Aug. 18, 2025, Platts assessed the benchmark X grade out of Tulsa at \$2.2443/gal, near a two-month low. “Everything is pretty muted at the moment,” one refined products broker said. During those fall price increases in 2023 and 2024, the US Energy Information Administration measured Midwest ULSD inventories at 30.226 million barrels and 30.734 million barrels, respectively. As of mid-August this year, Midwest diesel stocks measured 26.738 million barrels, well below storage levels observed in the two years prior.



So far in 2025, U.S. ultra-low sulfur diesel stocks have remained near and, at times, broken historical lows. In early July, EIA data showed that ULSD stocks nationwide fell to 93.525 million barrels, the lowest level since November 2014.

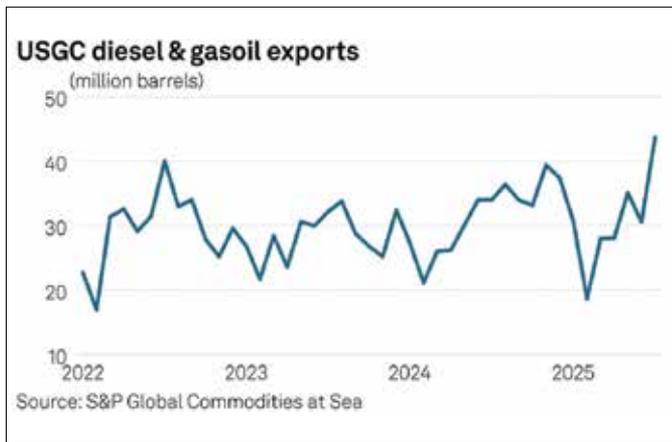


Inventory recovered moderately but remained near the bottom of the previous five-year range by mid-August. Midwest inventories fell below their five-year range in mid-May and remained there until late July, when they crossed back above 2022 storage levels.

Record Export Volume Pulls Barrels from Domestic Demand Hubs

Perhaps the leading reason for low inventory levels nationwide is the significant export volume out of the U.S. Gulf Coast, otherwise known as PADD 3. According to S&P Global Commodities at Sea data, July export volumes from the USGC totaled 43.1 million barrels, the highest monthly recording in data going back to 2016. The previous record was July 2022 at

40 million barrels, which was also the same time Midwest diesel stocks were abnormally low.



Barrels placed on the water for export out of the USGC pull supply away from other locations, such as the Midwest and Atlantic Coast, which receive barrels via pipeline. In fact, in early July, diesel prices for assessments based in New York Harbor jumped to 1.5-year highs after Atlantic Coast diesel inventory fell to a 3-year low. In this acute situation, there were not enough barrels moving up the Colonial Pipeline from the U.S. Gulf Coast production region to storage facilities along the Atlantic Coast, particularly New York Harbor. Market participants indicated that the sharp price movement and shortage were at least partially attributable to Gulf Coast exports pulling barrels away from Colonial Pipeline.

The leading indicator that described the diesel tightness and pricing environment over the summer was the crack spread, which evaluates what a refiner can expect to earn for a given product. The Platts benchmark USGC ULSD pipeline spread against WTI crude reached a 1.5-year high at \$35.119/b in mid-July, indicative of both the inventory and downstream demand environment. This made ULSD the most profitable product in the distillation column, fetching a greater yield by \$6/b over jet fuel, the second most profitable product.

Diesel export prices had been strong since May, with Platts assessing European-spec EN590 diesel at a 3.75 cents/gal premium to Gulf Coast pipeline ULSD for most of the summer. This translated to a range of around \$2.10/gal to \$2.35/gal for outright prices, fluctuating depending upon the NYMEX futures. Platts export prices are built on the benchmark Gulf Coast ULSD pipeline price, which is widely used in contracts, derivatives and termed diesel sales. The benchmark experienced its typical summer boost but remained lower and less volatile than the two previous summers as the market has adapted to the Russia-Ukraine war environment.

Competitive Gulf Coast export pricing permitted the arbitrage between the USGC and Europe to remain unusually open most of the summer. European demand was strong, pulling barrels

across the Atlantic for their summer driving season. Diesel cars make up around 30% of the total internal combustion engine, or ICE, car market in Europe, but only 3% of the ICE car market in the US.

Some distillate traders and brokers believe that this record diesel export volume could continue for a few more months, depending on the impact of the upcoming EU sanctions. These sanctions, which ban imports of refined products made from Russian crude, will not take effect until January 2026, but many European buyers have already begun to hesitate in purchasing refined products from India. India is a significant exporter of refined products to Europe and sources a large portion of its crude from Russia.

Since banning its own member countries from importing seaborne Russian crude and refined products in December 2022 and February 2023, the EU had deliberately left the door open for crude flows to be redirected toward foreign buyers, such as India and China. As a result, India emerged as Russia's largest crude consumer and a major fuel supplier for Europe to replace large volumes of diesel once sourced from the Baltic and Black Sea. But with reluctance from European countries to purchase refined products, particularly diesel, from India, the U.S. Gulf Coast may continue to support Europe outside its typical seasonality.

Historically, USGC exports peak in late July and early August. The S&P Global Commodity Insights ArbFlow tool showed the USGC-Northwest Europe arbitrage averaged open at \$1.99/b in July and peaked at \$4.76/b on July 10. The arbitrage had since closed, measuring an 82 cents/b disincentive as of Aug. 11.

Strong Demand Worldwide Offsets a Questionable Domestic Picture

The other side of the low inventory coin is demand. Following President Trump's Liberation Day tariff announcements, those most exposed to the tariffs, particularly retailers, rushed to import products before the tariffs were implemented, essentially frontloading goods. This caused increased diesel drayage demand as products were offloaded at port terminals and then moved by diesel trains and trucks to their final destinations.

Looking abroad, multiple market participants noted that demand worldwide has been strong, with atypically strong demand from Latin America.

"South America is having drought issues, resulting in reduced hydropower," said one distillates trader back in June. When electricity grids are strained, power companies and those with the option may choose to run diesel-powered generators. "Some of the demand is power burn."

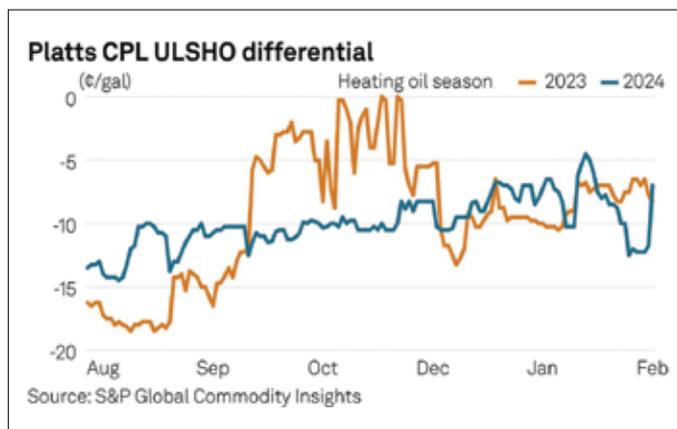
HARVEST AND HOLIDAYS ARRIVE WITH POOR DIESEL STOCKS AND WEAK DEMAND

Another big demand draw – Brazil – has also returned. Cheaper Russian exports have flooded the market and taken over the U.S. share since the Ukraine war. But internal Russian demand, secondary tariff threats, and other worries have severely narrowed the arbitrage.

“Russian exports to Latin America — primarily Brazil — fell by 45,000 b/d between the first and second quarter, allowing the Gulf Coast to reclaim market share,” S&P Global Commodity Insights analysts noted in a late summer briefing.

Domestically, the U.S. heating oil season always boosts demand in the Northeast and, to a limited extent, the Midwest. Diesel and heating oil are the same product but are treated differently for taxation purposes. The heating oil demand will draw barrels in storage as the colder months arrive, while U.S. refiners begin their maintenance season. This could also cause price volatility depending on whether there are some early and strong cold snaps and which refineries undergo maintenance, and of course, the duration of that maintenance.

Historically, heating oil prices bottom in August and gradually build into February.



The holiday season was also likely to cause the usual boost in drayage demand across the United States. This coincides with the decline in summer European travel demand, meaning fewer exports for a thirstier domestic market. But this typical holiday demand may not be as strong as in years past due to the increase in goods already in US warehouses.

The SPGCI analysts noted this impact, as well as a potential systemic weakness in the US economy, affecting downstream diesel demand:

“Most indicators suggest fundamental weakness: Housing construction is declining sharply, particularly in the Gulf and West coasts, active oil rigs in PADD 3 have fallen nearly 15% since February and the pre-loading of container goods since the latter half of 2024 is expected to lead to weak imports in the

second half of 2025. We currently expect U.S. diesel demand to decline by about 90,000 b/d year over year in 2025.”

SPGCI analysts have indicated that U.S. diesel inventory may continue to build for the remainder of the year, given the uncertain demand outlook. But the macroeconomic and geopolitical factors previously discussed could lead to further tightness in the market. Diesel prices may experience some relief in Q4, depending on how demand develops.

Key factors to monitor in the coming months include the strength and timing of harvest season demand in the Midwest, the sustainability of robust exports, particularly to European destinations amid heightened scrutiny of Russian crude, and the volume of goods that retailers anticipate importing now that certain tariffs have been enacted and retailers are likely well supplied through the holiday season. ★

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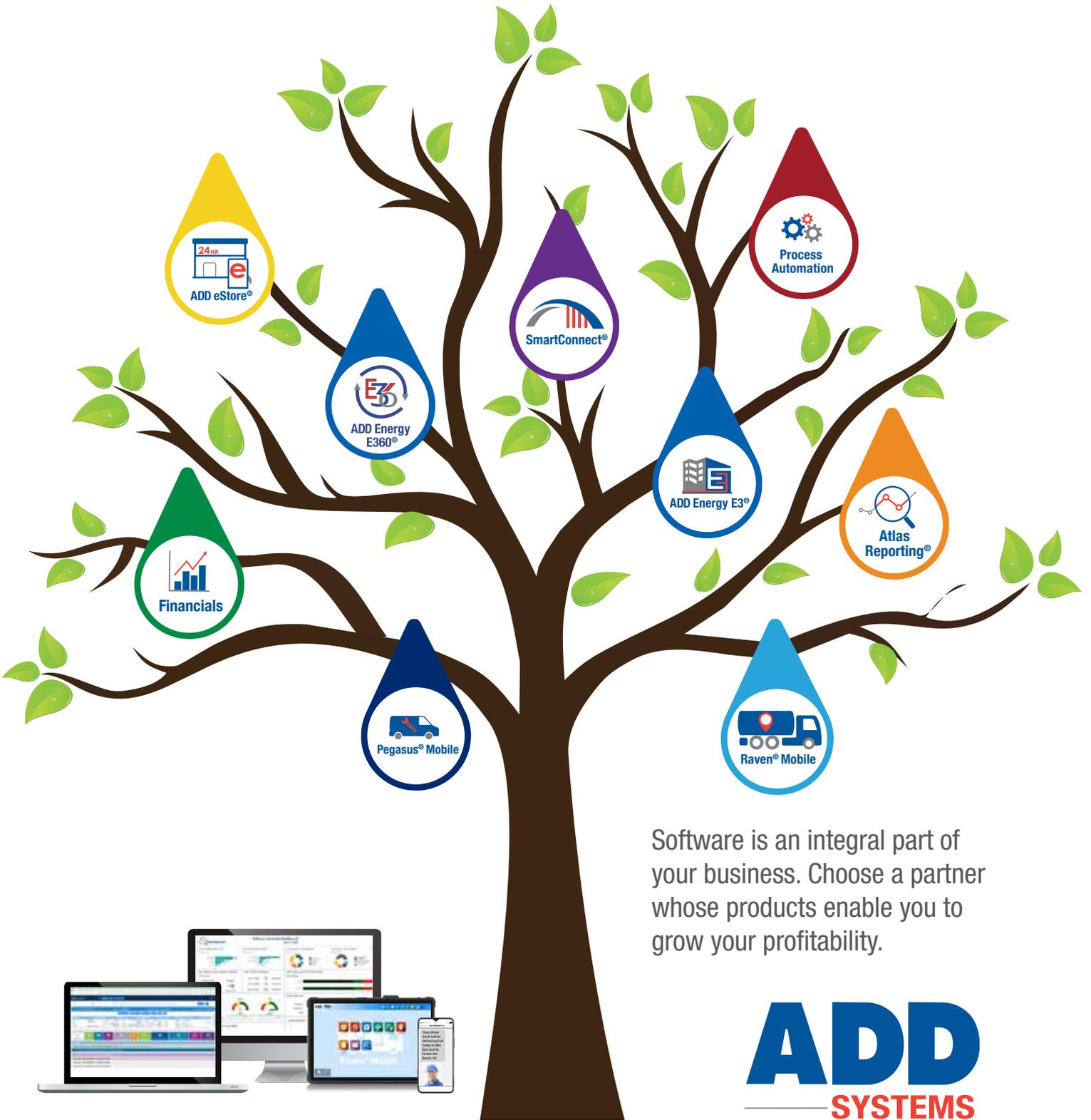
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Aaron Tucker has been a part of the Americas distillates team since May 2023, primarily covering the US diesel market. Aaron also has experience covering Jet fuel and Latin middle distillates.

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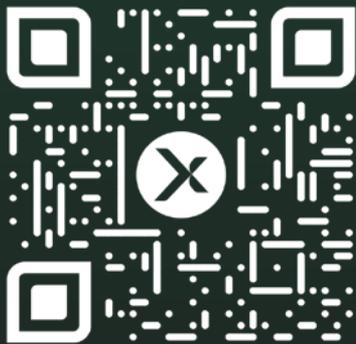
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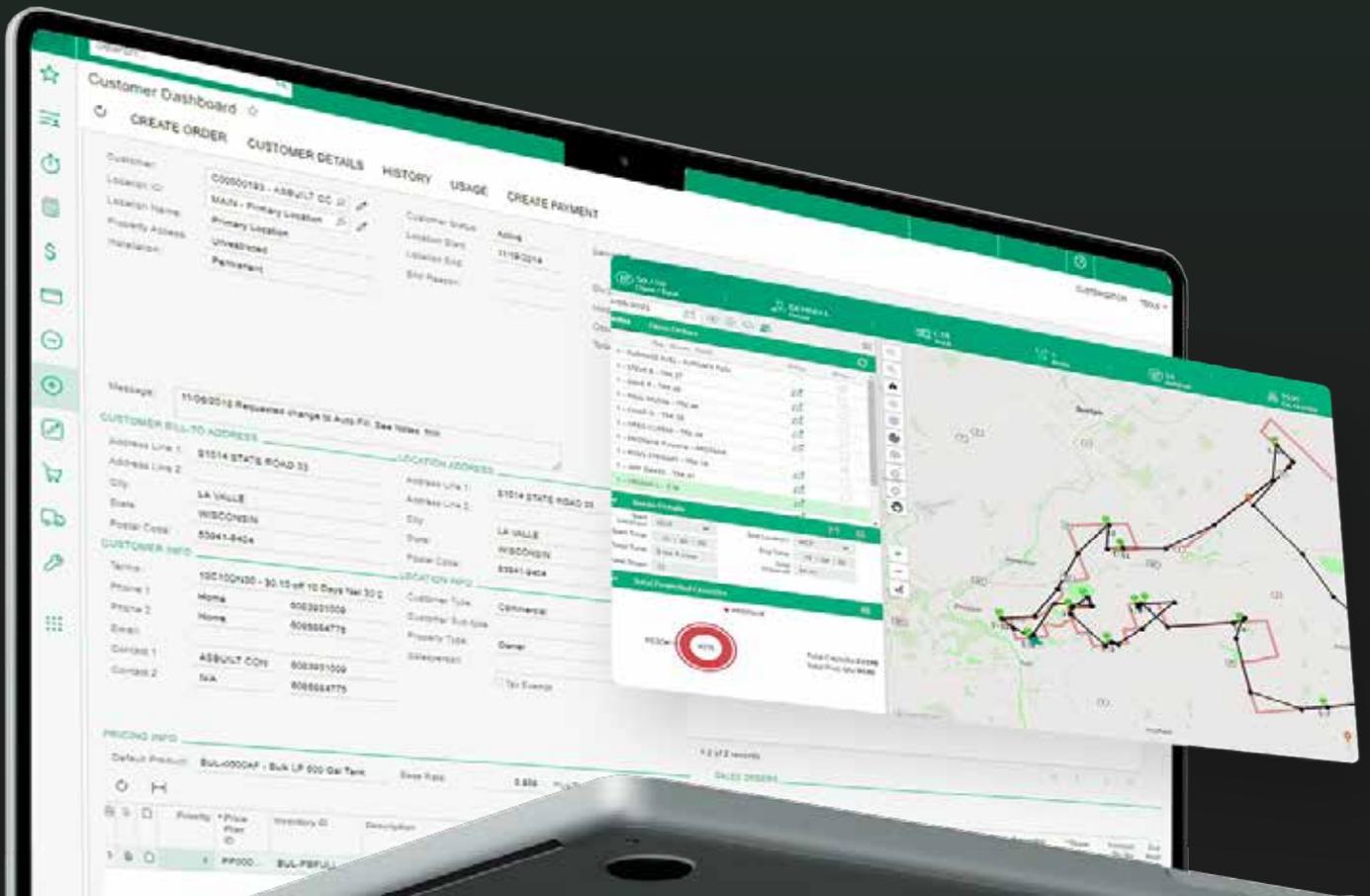
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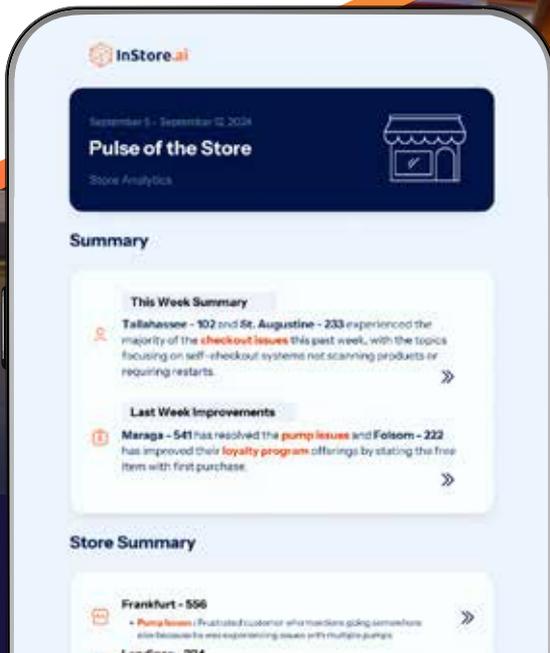
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Scan to learn about the benefits of key person coverage and Federated's® Triple Protection PlanSM to help you retain your valued employees.

We've got all the right tools.



Our team of 22 investment bankers is solely dedicated to advising companies in downstream energy and convenience retail industries. We have completed over 400 M&A, valuation, and capital advisory engagements. We leverage all of our past experience to advise each client, and our 90%+ success rate on sell-side M&A advisory engagements is the highest in the industry.

Deep industry knowledge, proven transactional expertise, and top-tier financial and accounting credentials provide the quality of work necessary to achieve our client's specific goals and successfully close complex transactions.

Let us put our tools to work for you.

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