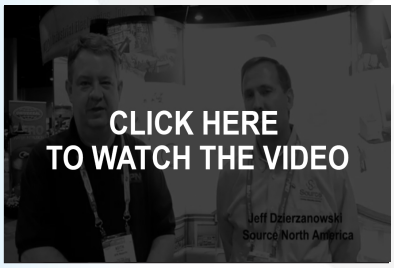
VOL 2 ISSUE 6

SourceLine

Recap of NACS/PEI Show

Source™ North America attended the NACS PEI show in mid-October at the Georgia World Congress Center. Source was one of the thousands of exhibitors in the Fuel Equipment and Services area where there were over 194 exhibitors and 577 booths.



Click the video above to view an interview with Jeff Dzierzanowski and NPN Magazine at the NACS PEI Show. (If you are having trouble viewing the video click here to view on YouTube.)

Featured Item: Catlow Cam Twist Magnetic Breakaway

The Cam Twist Magnetic Breakaway by Catlow is designed for installation between the fuel dispenser and the nozzle. The Cam Twist Breakaway utilizes powerful Rare Earth Permanent Magnets, which allow for easy disconnect, inspection and reconnect.

New Fuels: The State of Hydrogen and Fuel Cells

The United States Energy Policy Act of 2005 laid out new thresholds for alternative fuel use in the U.S. with an eye on reducing the country's reliance on traditional fossil fuels, namely gasoline and diesel. Government and industry research is leading the way to use hydrogen and fuel cell technology in a safe and economical manner.

Hydrogen is the most abundant gas found on Earth; however, it is rarely found on its own and is usually bonded with other elements. Hydrogen can be produced from various domestic sources including sunlight, wind, solar energy and biomass. Ninety-five percent of the hydrogen that is currently produced in the United States comes from the process of steam reforming of methane (natural gas).

A fuel cell is a device that utilizes hydrogen and oxygen to create electricity. Fuel cells are highly efficient and have either zero- or near-zero gas emissions depending on the type of energy converted. The only emissions that result from hydrogen use are heat and water.

Fuel cells offer a virtually petroleum-free solution to Americans; however, there are several factors that still have to be determined before hydrogen fuel cell vehicles reach the general public. First, due to hydrogen's low energy content by volume level, it is difficult to store hydrogen because it requires high pressures, low temperatures or even a chemical process. This is a problem for light-duty since the capacity for fuel storage is limited by the size and weight capacity of the vehicle, which means that a larger tank would be required to store the hydrogen as compared to a conventional gasoline fueled vehicle.

In addition to on-board storage of hydrogen, the infrastructure to deliver hydrogen to a dispensing facility needs significant development. While a fuel cell vehicle can have a range of more than 400 miles, the process to deliver the fuel to the vehicle has yet to be determined.

It is projected that by 2015 many manufacturers will begin offering hydrogen fuel cell vehicles to select markets. The Department of Energy Hydrogen and Fuel Cells Program Plan also projects global sales of fuel cells will grow from approximately $500 million in 2009 to $1.22 billion by 2014.

For more information on hydrogen compatible equipment, please contact your Source representative.

Value Tip: Fleet Controls

Fleet Control systems allow fleet managers to monitor their fleets easily and more effectively. These systems provide authorized users access to fuel at non-retail, unattended fueling sites. The user usually enters in a unique PIN number that enables them to receive a determined amount of a certain type fuel based on pre-set permissions.

Fleet managers are then able to track, verify and receive reports via a fuel management software to ensure there is no theft of the fuel and reduce the misreporting of fuel usage.

Fleet Control Systems:

- Help prevent theft
- Eliminate manual input of fuel transactions
- Increase accountability of personnel

If you have any comments to share with us, please e-mail Joe O'Brien at: jobrien@sourcena.com.

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Industry ACRONYMS

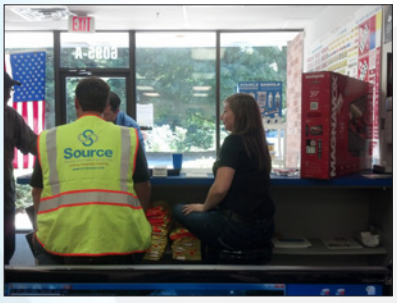
Ac-ro-nym widely used to describe any abbreviation formed from initial letters.

The motor-fuel industry features a wide array of acronyms. Here are some of the common acronyms you might encounter:

RIN: Renewable Identification Number
RFS: Renewable Fuel Standards
RVO: Renewable Volume Obligation
VMT: Vehicle Mileage Tax
B100: 100% Biodiesel
E85: 85% Ethanol
FFV: Flex-Fuel Vehicle
EVR: Enhanced Vapor Recovery
ORVR: Onboard Refueling Vapor Recovery
ISD: In Station Diagnostics
DEF: Diesel Exhaust Fluid
EMV: Europay, MasterCard & Visa
PEI: Petroleum Equipment Institute
NACS: National Association of Convenience Stores
API: American Petroleum Institute
DOT: Department of Transportation
EPA: Environmental Protection Agency

Customer Appreciation EVENTS

Source's Georgia facility held an open house inviting customers to visit the facility and to say thanks. Customers could enter in to a raffle to win prizes such as a 39" LED television and Titleist golf balls.



Renewable Fuel Standards and Renewable Identification Numbers

In August 2013, the Environmental Protection Agency (EPA) finalized the Renewable Fuel Standards (RFS) program for the year, which set standards for the volumetric requirements of renewable fuel and requires a portion of transportation fuels sold within the U.S. to consist of minimum volumes of renewable fuels. As part of the RFS, the EPA tracks compliance by using Renewable Identification Numbers (RINs).

The RINs are tradable credits that correspond to a gallon of renewable fuel produced in or imported to the U.S. within a given year. Obligated parties include fuel retailers, importers and blenders. The obligated parties are also assigned a renewable volume obligation (RVO). A RVO is the volume of renewable fuels that the party is obligated to sell, and it is based on the percentage of the company's total fuel sales. These parties are then assigned a specific RIN, a 38-character number, which corresponds to each physical gallon of renewable fuel that is produced or imported.

For 2013, there are four proposed RVO targets based on RFS targets. The percentages of fuel are determined by dividing each RFS target by the total estimated supply of nonrenewable gasoline and diesel fuel per year. The targets include:

- Cellulosic biofuels, 0.008%
- Ethanol equivalent for biomass-based diesel, 1.12%
- Advanced biofuels, 1.6%
- Total renewable fuels, 9.63%

For more information on RINs, please visit the U.S. Department of Energy's website.

Vehicle Mileage Tax Proposal

The Vehicle Mileage Tax (VMT) has been a popular topic of discussion in the United States over the past several years. The VMT will charge individuals based on a per-mile driven basis. States are looking towards imposing this tax because of the increase of fuel-efficient cars, which has led to the decrease of tax revenue from the gasoline pump tax. The taxes paid by consumers at the gas pump fund the Highway Trust Fund that has the tax set at 18.4 cents a gallon - for over 20 years.

Currently there are several states and cities throughout the United States that have begun testing the VMT. Nevada completed a pilot of the VMT, while Illinois is trying it on a limited basis using trucks, and the I-95 Coalition – which includes 17 states along the eastern seaboard – is interested in implementing a similar tax.

In Oregon, the program will officially begin in 2015 using 5,000 volunteers. The volunteers will choose how they want to keep track of the miles driven. The two options to track mileage are either by a mileage meter that will keep track of the miles driven using the car's odometer, or by using the GPS technology to ensure the driver is not charged for out-of-state trips.

The pilot completed in Nevada with 50 volunteers proved that there are some obstacles to consider if the VMT will be implemented. Most of the participants involved did not like that their location was being tracked by the government. Participants also did not want to have their speed tracked by the device. The state later said that they would not want to track the location and at what time a person traveled, just the amount of miles traveled.

As alternative fuel vehicles continue to become more prevalent on America's roadways, states will continue to work on the VMT concept to make up the taxes lost at the gas pump. Source will continue to monitor the progress of various states' pilots of the VMT.