

Alternative Fuel Options

As if today's marketplace for fuel was not volatile enough, the petroleum industry has added several new items to their fuel menu. Not too long ago your choices were diesel #2; either regular, premium, or blended. Now there are approximately 30 specific types from which to choose, and each can have different levels of efficiency, power, and pollutants. At present, the 4 main groups of on-road diesel fuel types are:

Low Sulfur Diesel [LSD], Ultra-Low Sulfur Diesel [ULSD], California Diesel [CARB], Bio-Diesel [BIO].

Within each of these groups are several variants: Regular; Premium; Low Emissions [LED]; Diesel with Lubricity [LUB]; and several combinations of each of these variants. Bio-diesel also has several blending formulations ranging from 2% to 100%.

When there were just a few fuel options, our cost-plus based pricing was simple to compute. We calculated your price based on an average wholesale cost and added taxes, freight, and fees, but now, there are as many wholesale prices as there are fuel types. So each type of fuel will have a different bottom line price. Some states have made it even more complex by changing their tax structure to make Bio-diesel appear less expensive than ULSD.

The obvious question is “Which fuel is the right fuel to buy and at what price?”

The answer is less than obvious and will vary from fleet to fleet based on multiple criteria and on the availability of each fuel type at each fuel stop. Each fleet manager should consult with their maintenance expert to address the complexities of engine related issues. The best approach may be to eliminate all objectionable fuels first, and develop a list of acceptable fuel options from which your drivers can choose. However, those choices can have a wide range of prices depending on the state, city, or fuel merchant. The worst part of this equation is that the decision that you make on today's fuel purchase may not be the best choice next week, or even tomorrow.

As always, we continue to work with high quality fuel merchants to offer you the best pricing options, but you must also participate in the process by focusing your fuel volume into our network fuel stops. There may be alternative fuel types that appear to be a better deal in some locations if you just compare pump-prices, but we believe the truth is in the details. Compare the net-of-discount, net-of-tax costs for each choice carefully; we believe that NASTC/QPN will be the best choice in the long-haul.