



For Immediate Release
February 17, 2017

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Study: Large Retailers' Margins Double Due To EPA Rule
Fix would Create Parity for Small Retailers

Houston, TX – A new study undertaken for small retailers demonstrates that large-fuel retailers like Flying J and Loves realize nearly double the profit margins of average convenience store levels by taking advantage of windfall profits by trading in the US Environmental Protection Agency's (EPA) renewable identification number ("RIN") market. The study was authored by biofuels expert Ramon Benavides, who has significant industry experience in the manufacturing of renewable fuels and a strong 23-year background in operational compliance with regard to OSHA and EPA rules.

Benavides reports that large fuel retailers benefit from the renewable identification number market through windfall profits or increased margins compared to others in the fuel marketing chain. The report utilizes an Estimated Margin Indicator ("EMI") with inputs from several relevant databases to test this premise with two large unbranded retailers that are large players in the RIN market.

"This study underscores the concern that small retailers have with the EPA Point of Obligation and the RIN market," said former NACS President Bill Douglass, who leads the Small Refiners Coalition. "Already, the large retailers are benefiting from the system to make massive profits while mom and pop retailers struggle to keep up."

The report focuses Pilot/Flying J and Loves. In each case, the companies' combined gross profits are almost twice as high as the national average. Furthermore, a pass-through to customers did not occur, creating windfall profits of for large fuel retailers but no corresponding consumer benefit.

The report added that small fuel retailers do not have access to similar margins and are likely to lose market share as a result. "If the point-of-obligation under the Renewable Fuel Standard ("RFS") was changed, small fuel retailers would be considerably more likely to be able to achieve price parity with large fuel retailers and sustain operations in local markets."

You can see the study here: http://smallretailerscoalition.com/wp-content/uploads/2017/02/Renewable-Fuel-Incentives_Estimation-of-Large-Retailers-Profits.pdf

The Small Retailers Coalition is a national trade association dedicated to protecting and advancing the interests of thousands of small, independent petroleum retailers and convenience stores.