Transcript for #90. Truck Stops Take On Alternative Fuels
Guest Ginger Laidlaw, Vice President, Alternative Fuels Council
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Intro/Outro (00:01):
You are listening to Fueling the Future of Transport, hosted by Tammy Klein, the Founder, and CEO of Transport Energy Strategies. We'll talk all about the fuels and energy it takes to keep the world moving forward.

Tammy Klein (00:17):
Hi, everyone. Welcome to the show with me today. I'm super happy to have with me Ginger Laidlaw. Ginger is Vice President of the Alternative Fuels Council. Ginger, welcome to the program.

Ginger Laidlaw (00:30):
Thank you very much, Tammy.

Tammy Klein (00:32):
Great to have you. So I want to get right into it. For the listeners who may not be familiar, can you talk about the Alternative Fuels Council, what it is, and what its mission is?

Ginger Laidlaw (00:47):
Sure. So I'll, I'll back up slightly and say that Alternative Fuels Council is a company that was born out of NATSO. NATSO is a federal association that represents truck stops and operators from about 1600 - I should say 2200 travel centers and operators across the US and have been for 50 years. So that represents about 16,000 fueling stations throughout the US. So part of what NATSO does is find solutions to some of our members' challenges. And so that's one of the things that's come out of those challenges is alternative fuels was the Alternative Fuels Council. So what we do is we help not only members, but all fuel blenders or those interested in blending across the US, get them started with finding supply, get them going with compliance, and also helping them market their RINs. So RINs are a big part of what we do. We offer an online RIN management system that manages the compliance and helps sell the RINs at the end. So that's mainly where we're focused, renewable fuel standards and RINs.

Tammy Klein (02:07):
So how are your clients...well actually, first of all, can you talk a little bit more about how the program or how what you guys are doing with the Alternative Fuels Council is benefiting fuel retailers and also blenders. Can you talk just a little bit more about that and what kinds of fuels are folks interested in here?

Ginger Laidlaw (02:34):
Yeah, so how this is a benefit to those is that I think everyone across the nation is experiencing staff shortage. So, you know, if you're an operator, especially if you're an independent operator, you are wearing many, many hats. And what better to pass off some of this compliance work to someone else that can handle it and care for it for you while you're making money off of blending renewable fuels. So a lot of times it is us just trying to help get some of the red tape hurdles out of the way, get you registered with EPA, the IRS, all the things you need to get going on so that you can start blending renewable fuels, talking about blending infrastructure. And then the compliance end of it is really kind of hands-off.

(03:24):
We take care of that for our clients, and members and I would say for the most part where we are focused is biodiesel and ethanol. This is still the messy middle right now. I mean, we have these fuels that we're looking forward to that we're keeping our eyes on electrification hydrogen, but really right now, our folks are, we can still decarbonize with what we have available right now, which is ethanol and biodiesel, renewable diesel to select few mostly the West coast. But if you at least have the education and know the different incentives and credits you have available to you, that really helps you negotiate fuel pricing and be able to...and if you can get a good price without taking the credits, that's an advantage as well. But at least you have that power, that knowledge that, hey, if you're selling me biodiesel, I should be getting these credits.

Tammy Klein (04:24):
Yeah, I would imagine that's really amazingly helpful, especially for smaller players that don't have massive compliance outfits within their organizations or the resources to do third parties Weaver. So it must be massively helpful for them to help navigate that from compliance and allow them to be able to participate in these programs and generate credits.

Ginger Laidlaw (04:59):
Right. I mean, just like I said earlier, it's just we're just kind of an extension of their company. We are working to represent them. We're helping them do all the things that need to be done while they can focus on their main business. And at the end, you're actually physically blending the product, you're then trying to sell the RINs. So part of what we do is we help market those RINs. We react as a broker if needed. So sometimes that's even maybe a higher benefit because we're making these offerings, we're pooling everybody's RINs together and making these larger offerings to the obligated parties. We're buying the RINs. So, and that's all through relationships that we've developed.

Tammy Klein (05:39):
So how are your clients navigating the energy transition and what does it mean to them? Is it hitting them yet? And then, as a result, do you see the industry beginning to transition more and more towards bio-based, low-carbon fuels, or electrification? What's happening there?

Ginger Laidlaw (06:04):
Well, believe it or not, there are still folks that are looking into starting to blend biodiesel.

Tammy Klein (06:11):
That's interesting.

Ginger Laidlaw (06:12):
So like I said, this is really...I think I've coined...I took this phrase from NAFI. He keeps calling it the messy middle. I totally agree and believe it's true that this is where we're at right now. These are the fuels that are available that we have the infrastructure to be able to do it and basically the supply is there if you can get ahold of it if you've got all the pieces, and all the pieces fit together. And that's something that we help with too. We've got calculators that figure it out. Okay, there's a supplier close to you or you can find the supplier at the terminal nearest you and you can get a hold of it. Let's make sure that the producer has good quality fuel. Are they working with an engineering firm? I mean, all those things that we can figure out about quality are always a big question. So most of the folks that I'm working with are currently blending ethanol biodiesel, but some are looking into just starting to blend some of those fuels right now. With the EV...the NEVI funding coming out, obviously people want to take advantage of that

funding availability. So some are installing or maybe already have installed EV chargers at their facilities as information gathering at this point, just trying to figure out. I think there's a lot of things that have to be figured out yet with that and retailing for EV charging. So I think as time goes on with the NEVI funding that people will take advantage of that and put it in the chargers. Hydrogen is something that I think our members are - and my clients are - more comfortable with. I think it's a, it seems like a fuel that's a little closer to home, a little closer to the liquid fuels that they deal with now. Now, that's interesting. I think it makes more sense to them. And, I think they can see how they can retail that a little easier than they can when they look at EV and compare it to hydrogen. I think there's a lot of talk about hydrogen maybe being the better fuel for heavy duty. It's going to be the heavy-duty solution.

Tammy Klein (08:42):
I agree.

Ginger Laidlaw (08:44):
And I think there's been a lot of delays in EV infrastructure that's kind of put off and hydrogen is a ways off as well too. I know I've been sitting on a couple groups that are kind of started with some pilot projects with hydrogen, so that'll be very interesting to see how that comes with the hydrogen hubs and some of those ports, the port travel, and how that's going to work.

Tammy Klein (09:11):
So what are you hearing from your clients who talked about biodiesel, renewable diesel, hydrogen, and electrification? So what are you hearing from your clients and members about these alternative fuels? What are the biggest successes and also challenges for them? I mean, you talked a little bit about the challenges in understanding, on electrification, but what else are you hearing and seeing out there for these fuels?

Ginger Laidlaw (09:42):
Well, maybe surprising, maybe not surprising. I think there's still some education to be done out there for consumers about renewable fuels. I think there's some, there's still some hesitation with using biodiesel.

Tammy Klein (09:58):
That is surprising. Why is that?

Ginger Laidlaw (09:59):
Well, because a lot of times when operators switch over to using a bio blend what it's doing is it's getting into the tank where the diesel is and it's getting all those particulates out and then you have the filter issues with the filters, with the dispensers and operators are busy trained to change those out. But there's still a lot of adversity to biofuels and people have it in their heads that it's going to cause fuel filter plugging. And, really, I don't hear that very much. And a lot of times now we respond to that as well try to maybe try to clean your tanks out first before you start doing the biodiesel. So that could be very helpful to do a really good cleaning of your tanks before you switch over to blending.

(10:55):
A lot of folks put an in-line blending system, you know, the Cadillac of blending where you have a bio tank and you've got your diesel tank and you have lines that actually come together towards the dispenser. So you're not blending it in the tank. You're putting the two together right beforehand, so you can even shut off if you're in colder temperatures, maybe you don't want to

blend bio at a higher rate, so you shut off your bio or you're, there's good, it's a good accuracy blending tool where you can figure out what percentage you're going to blend at. I know a lot of operators are looking at where their trucks are going in a weak span. If they are going north and they've got to look at the weather, you know, in different directions.

(11:41):
So bio is more weather dependent. A lot of operators are looking at the weather around them. How far are these trucks going and do we need to dial it to a certain percentage that everybody's comfortable with. I know some operators have done a really good job with education, not only with their customers filling up but also with their employees to make sure that everybody's kind of on the same page. And of course, there's always ways to do field quality checks. You can send in samples if you suspect something, you can send in samples. I actually had somebody just tell me recently that they apparently have a great relationship with their weights and measures and they, they call their weights and measures and have them come out and sample, which I thought was...I never hear anybody say that, but apparently some folks have a really great relationship with them and we'll literally ask them to come out and sample it.

Tammy Klein (12:39):
Wow. That's impressive.

Ginger Laidlaw (12:41):
Yeah. And another thing is that we just try to promote that you really need to know where your product is coming from and what is the feedstock that's creating this fuel for you. So just knowing where exactly it's coming from and what are the feedstocks, because a lot of producers switch up what the feedstock is, depending on pricing and so that's just good to know. I think it's just good for everyone to know exactly what are you getting as you're getting refueled.

Tammy Klein (13:15):
Are those the same...do those same concerns apply to renewable diesel? For example, you said at the beginning, and it makes a lot of sense given the low-carbon fuel standard in California that a lot of the renewable diesel that is in the market is being dispensed there and generating credits. Are members interested in selling renewable diesel, can they get their hands on it or is it something that they're learning more about or are they priced out of the market and do they have the same kinds of quality concerns or other concerns for them?

Ginger Laidlaw (13:59):
Definitely operators that can get their hands on their renewable diesel are doing it. and actually someone I just spoke with last week, they kind of transitioned. It was interesting to hear the transition in California that they were starting to blend bio and then they switched to where they're blending bio with renewable diesel, a 20% bio and 80% renewable diesel. And then they just went to a hundred percent renewable diesel. And the beauty of renewable diesel is that it's considered a drop-in fuel. So no infrastructure needs to be changed. It can come through the pipeline. There really isn't... there's still RINs associated with renewable diesel. There's of course LCFS credits and then the tax credit as well. The biodiesel tax credit or the blender's tax credit that applies to bio and renewable diesel is there. And what we are finding or hearing is that their customers like it too. They like renewable diesel that they just can't even believe how clean, I'll say clean it looks to them. They just really...and pricing-wise, it's worked out really well for operators. So those who it's available to, they love it and it's easy to use. And again though,

if you're not getting the credits, at least have the education about what RINs are and how much they're worth so you can negotiate the best price possible.

Tammy Klein (15:39):
Right, right. Yeah. So for them, for some of your members, it's simply a matter of getting their hands on the supply.

Ginger Laidlaw (15:47):
Exactly. Because it doesn't matter where it's being produced right now, it is getting shipped up west.

Tammy Klein (15:52):
The vacuum cleaner that is California. So what about electrification? You talked a little bit about some of the members are experimenting and doing a little bit of investing in charging, they're sort of seeing how this all works and trying to figure it out. What are you hearing from members specifically on charging both good and challenge?

Ginger Laidlaw (16:24):
I think challenge...

Tammy Klein (16:25):
I mean, this is the real world. I mean, this is what I mean, this is really the literal rubber hitting the road with these folks, I think.

Ginger Laidlaw (16:36):
Right. So I think you know, this is definitely what we call a four-wheel issue where this is their front court, these are the cars' side of things. And I think there's the range anxiety going on there. I feel like I have heard all different challenges and results depending on where you are in the country. I heard someone from Ohio having great experience with it and somebody in Kansas who is not. So I think it just depends on location, location, location. And of course, there's so many different variables involved, right? Who is the infrastructure provider? And there's so many different utility companies to work with. And I hear some construction delays more about the utility end of things. It just takes a very long time to get that infrastructure set up.

(17:38):
On the heavy-duty side, obviously, we're not quite there, not anywhere close to where we are with the four-wheel. There are some projects and I know they're trying to electrify some port routes at least, but I think maybe there's still some delay in trying to even having the availability to put that much power on a site, a megawatt charger. Just thinking about that and how many trucks go through a site a day. It seems kind of far off at this point for heavy duty. So that's why I say hydrogen, I wonder may become more of the star of the show for heavy-duty than maybe EV.

Tammy Klein (18:27):
That's interesting. So you talked a little bit about the fact that the industry, it makes more sense in industry or member's heads for dispensing hydrogen and the footprint, the bones or whatever you want to call it, are similar in terms of dispensing and understanding how all of that works. So what do you think, or what are members thinking about more when it comes to the time horizon for hydrogen? I mean, yes, just a little bit off right now, but are members beginning to say, oh,

okay, I can see doing something on this in five years, in 10 years, or...because I don't think it's a 20-year fuel anymore. I think it's somewhere in that messy middle timeframe. Right?

Ginger Laidlaw (19:31):
Yeah. I feel like most of the folks I talk to, clients and members, I think they feel it is a ways off, just because of their experience with EV so far. Like that's just another set of infrastructure. While it is somewhat similar to what they're doing right now with diesel versus hydrogen. There's still an infrastructure that has to be built out and I think that this is hard. I feel like we're kind of doing the fire hose approach with a lot of these fuels we're coming at it from all different angles. Instead of focusing on one part of it first, we're going at it all at once. So I don't hear of anyone putting in hydrogen stations at this point. In California's a totally different story, but outside of California, I don't hear of anyone really getting after it for hydrogen. I think once we have these hydrogen hubs set up I still think this is, I don't know, I still think this is a 15-year, at least, deal.

Tammy Klein (20:51):
Yeah. It, I mean, considering what you were saying earlier, which really surprised me at the beginning when you said, "I have members that are investigating biodiesel for the first time," and my reaction was kind of like...biodiesel? I mean, biodiesel's been around for, I don't know, 20-plus years now. So it's not like...so what you're saying is it's not like, outside of some areas that are probably driven more by policy, like for example, California or maybe in the Midwest, you know, where at least at one time there were mandates. Minnesota and other states where you had to dispense B2 or B5 or what have you. For a lot of the industry, it's sort of a new thing and this is a fuel that's been around for 20 years. So then you place that within the framework of electrification or you place that within the framework of hydrogen and the 20 years, 15 to 20 years makes sense. Like it needs to be tried, tested, proven...

Ginger Laidlaw (22:06):
<laugh>. Right.

Tammy Klein (22:07):
Bulletproof.

Ginger Laidlaw (22:08):
Exactly right. We've got a ways to go. As exciting as it is and how many people want to move forward with these, I feel like you know, the messy middle, yes. But it's also our chance to decarbonize right now. If you can get a hold of those liquid fuels and be able to blend them now, we still should be striving for that and not waiting for the other fuels to come along.

Tammy Klein (22:35):
Do members understand that? Do they feel like there's been too much emphasis on electrification rather than on fuels that are available? You know, right now, like what you're saying, carbon fuels like biodiesel, like ethanol, like renewable diesel, when they can get it?

Ginger Laidlaw (22:57):
Yeah. That's...

Tammy Klein (22:58):
They're like, "hey guys, we're just getting around to this now. What are we doing here? NEVI what?"

Ginger Laidlaw (23:04):
<laugh> Yeah. I'm sure it's part of it. It's probably a comfort thing, right? This is what they know. This is what they've been doing and adding in an alternative fuel, like bio, renewable, diesel, ethanol, those are things that are around and they're experts out there that can help you do the logistics of it and can set everything up for you. Where these newer fuels are just a kind of new, just getting used to it. Working with utilities - a totally different story than oil companies or suppliers. This is a totally different partner than they've ever had before. So this is just going to take time to get into these new fuels. But again, I think these ethanol and biodiesel are still fuels where the producers are still trying very hard to reduce their carbon footprint, however they're doing it. I mean, there's lots of different ways, but they're still very much available out there and trying to lower their carbon intensity as much as they can.

Tammy Klein (24:10):
Right, and serve the public - the motoring public and light, heavy, medium duty, so on and so forth. So fun, and last question. What excites you most about this space and why? The Jeopardy question.

Ginger Laidlaw (24:31):
I feel like being with everyone who's blending, I feel like they're kind of pioneers in this. They're kind of coming into this new era of these new fuels, like we're talking about. It's a little scary, it's exciting and we're all learning as we go. Nobody's done it successfully yet so we're all kind of learning from each other. So I just think it's fun to ride along this train with them, to figure out and try to serve them the best that I can and wish the most success for everyone, whatever fuels that they're using right now. You know, I want everyone to be successful, but still looking to the future is what comes next.

Tammy Klein (25:15):
So Ginger, thank you so much for being on the show today and talking to us about the Alternative Fuels Council.

Ginger Laidlaw (25:21):
Thank you very much, Tammy.

Intro/Outro (25:23):
You've been listening to Fueling the Future of Transport. This show is hosted and edited by Tammy Klein, produced by Carolyn Schnare, and engineered by Aleksander Nicolic. To hear more great episodes of this show, learn more, and sign up for a free biweekly newsletter, visit transportenergystrategies.com.