



MINNESOTA PETROLEUM MARKETERS ASSOCIATION

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The Minnesota Petroleum Marketers' Position on HF 1433 – The E15 Mandate Bill

The Minnesota Petroleum Marketers Association and its 450 licensed fuel distributors own and operate the majority of convenience stores and retail fueling sites across Minnesota.

The Association opposes HF 1433, the E15 mandate legislation. We cannot support an E15 mandates that requires our members to spend hundreds of millions of dollars within a timetable that is unrealistic and not achievable. We say, **NO** to the mandate.

Currently, there are 3,500 federally regulated gasoline Underground Tank Storage Systems (UST) facilities in Minnesota which include 7,140 UST tank systems. The Governor's Biofuels Council along with support from several state agencies reported that **85% or greater of current facilities cannot demonstrate compatibility** of their fuel infrastructure systems (tanks, piping, and dispensers) for E15 as required by EPA, MPCA and the State Fire Marshall.

That same report also stated that the cost to retailers to upgrade and demonstrate compatibility was **\$784 million**. In addition, it would take a minimum of **ten years** for sites to update their infrastructure equipment to allow for the storage and sale of E15.

Our Main Issues with HF 1433:

- 1) HF 1433 mandates the use of E15 requiring the fuel retailers to spend \$784 million. The retailer will sell no more gallons of fuel then they currently sell and will not experience any additional profits.
- 2) The mandate will take effect within a very short timetable ignoring the minimum ten years needed by retailers to demonstrate compatibility.
- 3) This bill creates a state of intolerable uncertainty for fuel retailers with their fate controlled by four agency's commissioners who will annually decide if "adequate time" was given to retailers to demonstrate compatibility.
- 4) This bill exempts the very smallest retailer...the retailers who need to sell E15 today because of the competitive disadvantage they find themselves in with E15 price differentials between \$.03 to \$.029 per gallon. The small retailers cannot be left outside the E15 discussion.
- 5) Allows the sale of E10 with only one dispenser per retail site. This is unmanageable. Very few retailers have the capital or physical space to dedicate an underground storage tank system (tank and pumping) for just one dispenser.

The net result of this legislation is the widespread closure of fuel retail sites across the state of Minnesota. Most hard hit will be the rural communities with the loss of their multi-generational family fuel retailers and farm COOPs.

Please consider our major concerns with HF 1433 and vote **NO** to this E15 mandate.

Respectively,

Timothy Gross
Executive Director of the Minnesota Petroleum Marketers Association