

**Ultra-Low Sulfur Diesel  
Implementation Workshop  
Rack-to-Consumers Panel:  
Progress Towards Implementation**

**Moderator**

**Gregory M. Scott  
Collier Shannon Scott**

**Counsel to**

**National Association of Convenience Stores**

**And**

**Society of Independent Gasoline Marketers of America  
[gscott@colliershannon.com](mailto:gscott@colliershannon.com)**

# Overview of Rack-to-Consumer Panel Presentations

- **EPA Overview of Regulations**
  - **Tia Sutton -- U.S. Environmental Protection Agency**
- **Moving ULSD from the Rack to the Consumer: Practical Experience and Questions**
  - **Greg Scott -- Collier Shannon Scott**
    - Transportation and Contamination Issues
    - Below the Rack Movement Tests
    - Quality Assurance and Liability Issues
    - Misfueling Liability Issues
  - **Tracie McCall -- Marathon Ashland Petroleum**
    - Transportation and Contamination Issues
    - Below the Rack Movement Tests
    - Recommended Practices
  - **John Conley -- National Tank Truck Carriers**
    - Questions and Answers from Transporters
  - **Holly Tuminello -- Petroleum Marketers Association of America**
    - Heating Oil Marker/Dye Issues

# Transportation and Contamination Issues -- Rack-to-Consumer

- Refiners, Pipelines Testing "Upstream" Contamination
- Targeting 7 -8 ppm at Refinery Gate
- Terminal Delivery Between 10 - 14 ppm?
- **What About Between the Rack and the Consumer?**
  - Contamination Over Loading Rack's Common Piping?
  - Contamination in Transport Trailer Compartment Due To:
    - Incomplete Previous Drops?
    - Product Sequencing?
    - "Clingage" to Compartment Walls?
- **Two Sets of Data Points Presented Today:**
  - Marketer Testing
  - MAP Testing

# Marketer Testing

- **ULSD Test Conducted at Two Locations:**
  - Quincy, Massachusetts
  - Richmond, California
- **Transport Trailer Prepared as Follows:**
  - Compartment A -- Cleaned or flushed with ULSD and drained;
  - Compartment B -- Previously loaded with Tier II or CARB gasoline; drained per normal delivery; no drainage at the rack;
  - Compartment C -- Previously loaded with on-road diesel fuel; drained per normal delivery; no drainage at the rack; and,
  - Compartment D -- Previously loaded with high sulfur distillate (jet; off-road); drained per normal delivery; no drainage at the rack.
- **Testing Services Provided by Intertek Caleb Brett**
- **Samples Taken and Tested:**
  - Before Loading in AST at Rack;
  - Compartments A, B, C, D After Loading and Transport

# Marketer Test Results

	MA	CA
• Baseline (AST)	17 (12?)	22
• Compartment A (Clean)	18	24
• Compartment B (Gasoline)	16	24
• Compartment C (Low Sulfur)	15	25
• Compartment D (High Sulfur)	19	30

# Lessons Learned from Marketer Tests

- **Lessons Unclear**
- **Sulfur Test Method Reproduction Accuracy in Doubt (17 ppm or 12 ppm?)**
- **If 17 ppm, Then No Significant Contamination:**
  - Over Rack;
  - Sequencing Tier II Gasoline or Current Low Sulfur Diesel Fuel
- **If 17 ppm, Then Some Contamination:**
  - Sequencing High Sulfur Fuel
- **If 12 ppm, Then Some Contamination:**
  - Over Rack;
  - With Gasoline, Low Sulfur, and High Sulfur Diesel Fuel (how much due to rack?)
- **More Data and Established Best Practices Needed**

# **Additional Below the Rack Issues**

- **Quality Assurance and Liability Issues**
  - "Three Legged Stool" for Complete Liability Defense:
    - Non-causation;
    - PTDs account for all product;
    - Quality Assurance Program (QAP)
  - Must Test Each Batch of ULSD for Complete Defense
  - Not Practical or Economical -- Field Test for ULSD Needed
  - Each Marketer/Transporter Must Design Own QAP

# Additional

## Below the Rack Issues (Part II)

- **Misfueling Liability**
  - Are Marketers Liable for Misfueling by Customers?
  - 40 C.F.R. § 570 Contains Dispenser Label Requirements
  - EPA Has Declined to Set Equipment Specifications to Prevent Misfueling
  - Absent Retailer Complicity in Misfueling, Retailer Not Liable for Misfueling if Labels are in Place
- **Retailer Downgrading from 15 ppm to 500 ppm**
  - 40 C.F.R. § 80.527 Restricts Downgrades to 20% of Volume of ULSD for Each Person Having Custody or Title
  - Special Rule for Retailers/Wholesale Purchaser-Consumers:
    - Limitation Does Not Apply To Retailers That Sell Both 15 and 500
    - Limitation Does Apply to Retailers That Sell Only 500