

# Transport Topics **Online**

## **Fueling Station Operators Offer Few Details On How They Will Sell Diesel Exhaust Fluid**

*By Frederick Kiel, Staff Reporter*

**This story appears in the Jan. 26 print edition of Transport Topics.**

Most new heavy-duty trucks sold in the United States and Canada, beginning when 2010 models are introduced, will use selective catalytic reduction technology to cut emissions, which will require the addition of a new fluid to work properly. And truck stops throughout the nation are trying to prepare to meet the demand for this new product.

In general, truck-stop operators have said they will be prepared to sell diesel exhaust fluid, a mixture of urea and demineralized water. But several have yet to make a decision on how they will sell DEF, and are cautious about investing in new dispensing systems in the middle of the national economic slowdown.

The head of the trade association representing truck stops suggested recently that a go-slow approach is smart because demand for DEF is projected to be low in the early years after SCR engines are available. As a result, she said, inexpensive portable containers should be sufficient to meet demand.

"DEF is a market trend [truck stop] operators cannot afford to ignore," Lisa Mullings, chief executive officer of Natso, told Transport Topics. "This new product offers a new business opportunity, yet it is a challenge for members to anticipate demand, capital investments and returns on investments."

In a report issued in the fall, the association stated: "Of the estimated number of trucks that will need DEF, truck-stop operators don't have a good handle on how many of those trucks will be centrally fueled."

Natso estimates 100,000 trucks will be running SCR systems by the end of 2010. The Engine Manufacturers Association projects DEF demand will be 54 million gallons in 2010, rising to 1 billion gallons in 2019.

David Uschwald, director of SCR infrastructure for engine maker Detroit Diesel Corp., told TT that a gallon of DEF will operate an SCR system on a typical truck for 300 miles. Truck makers have yet to announce the size of their DEF tanks, though most estimates run between 20 and 40 gallons. That means many truckers potentially will not need to refill their DEF after leaving their terminals, or will need only the contents of a portable container of up to 10 gallons to keep the tank full.

The complexity of the urea issue for truck stops goes beyond demand projections.

The fluid can freeze or evaporate in extreme temperatures, raising storage concerns. But building large storage tanks is costly, and can be viewed as risky during a period of falling profits and low freight demand.

Urea demand and distribution is expected to be a main theme at Natso's annual conference, which will be Jan. 24-28 in Nashville, Tenn.

"We all understand that we'll have to have DEF in 2010 for our customers, but we haven't really begun working on the issue of urea," said Marsha Bird, chief executive officer of North American Truck Stop Network. She said NATSN is a buying organization for 91 independent truck stops, with 22 located in Canada and the other 69 stops located in 39 states.

"We haven't had any queries from our members about DEF, which I find strange," Bird said. "We're waiting for more information on what we have to do to comply."

Other executives also said they were being cautious.

"We know that urea is a product that needs to be offered and we're making plans to do so," Jenny Love Meyer, a principal in the privately owned Love's Travel Stops and Company Stores, Oklahoma City, told TT. She said that 153 of the company's 219 locations were truck stops, located in 43 states.

"At this point, there is not a lot that is solid that we can comment on in detail," Love Meyer said. "It's hard to know when we'll reach that point."

Similarly, Bob Lee, president of Roady's Truck Stops, New Plymouth, Idaho, said the company had just begun its research.

"We're looking at when the first of the new engines will start rolling off the production line, where can I get the product and how will it be dispensed. We know we'll have to be ready," he said.

Lee said earlier in January that although he had been searching for two months, "I am having a devil of time, because there is virtually no information out there, including on the product itself."

Roady's has 250 members in 41 states, which are independently owned but are franchised to carry Roady's name and buy products from the parent company.

Lee suggested that Roady's will begin by offering only containers ranging from one to 10 gallons.

A Natso official said that would be a likely scenario next year.

"Most truck stops will be offering DEF in portable containers in the initial years, and most will wait until demand increases and switch over to fuel dispensers on a fuel island," Holly Alfano, Natso's vice president of government affairs, said.

She noted that the cost of a distribution tank located at a fuel island is about \$35,000, plus an additional \$10,000 to \$15,000 for installation.

"When you consider that truck demand is expected to be weak next year, along with the overall economy, the cost is not economically justified for most truck stops in the initial years," Alfano said.

Alfano added that Natso was studying an intermediate solution that some DEF distribution manufacturers intended to offer — climate-controlled tanks carrying 200 to 500 gallons.

"However, we don't know the costs of those smaller containers yet," she said.

DEF freezes under 12 degrees Fahrenheit and deteriorates or evaporates at more than 85 degrees, so it must be kept in a temperature-controlled container in many regions of the country, experts have said.

Meanwhile, two other large truck-stop chains announced plans for offering DEF last year, but have not shared further details yet.

Pilot Travel Centers, which has 325 locations in 40 states, said in December that its "initial rollout plans call for the fluid to be economically available in bulk at more than 100" locations nationwide beginning in mid-2009. The company also said it would carry small DEF containers at all its other truck stops until bulk tanks are installed.

Bill Mulligan, Pilot's vice president of development, facilities and environmental, told TT in January that "Pilot is moving forward with its plan to have DEF available in all in stores by 2010," but he offered no details.

TravelCenters of America issued a similar statement in November.

The company "has been, and will remain, committed to help ensure this greener, cleaner method of diesel engine operation is fully supported at 100% of our locations to coincide with the introduction of SCR-equipped trucks for the 2010 model year," Tom Komos, TravelCenters vice president of fuel supply, said in a statement. TA has 166 locations in 45 states.

But he did not say in the statement how TravelCenters will offer DEF.

TravelCenters' spokesman Tom Liutkus told TT in mid-January: "Work is going on behind the scenes, and progress is being made on all methods of distribution and supply. However, there is nothing material we can advise you of at this point."

Meanwhile, an executive of another, smaller chain was a bit more upbeat about DEF, saying it potentially offered the company a new revenue stream.

"Absolutely, we will offer DEF," Don Quinn, president of Sapp Bros. TravelCenters, Omaha, Neb., told TT. "It's our intention to initially offer it in containers until the volume justifies bulk sales, and we're currently reviewing bulk dispensation options.

"We're also evaluating whether we can transport loads of pure urea and repackage it ourselves, so that we cannot only put it in our own centers but sell it to other truck stops," he said. "We feel that we could offer a more economical product, since two-thirds of DEF is water, by lowering transport costs."

Quinn said that most of Sapp Bros.' 16 truck stops are located along Interstate 80 from Utah to Pennsylvania.