

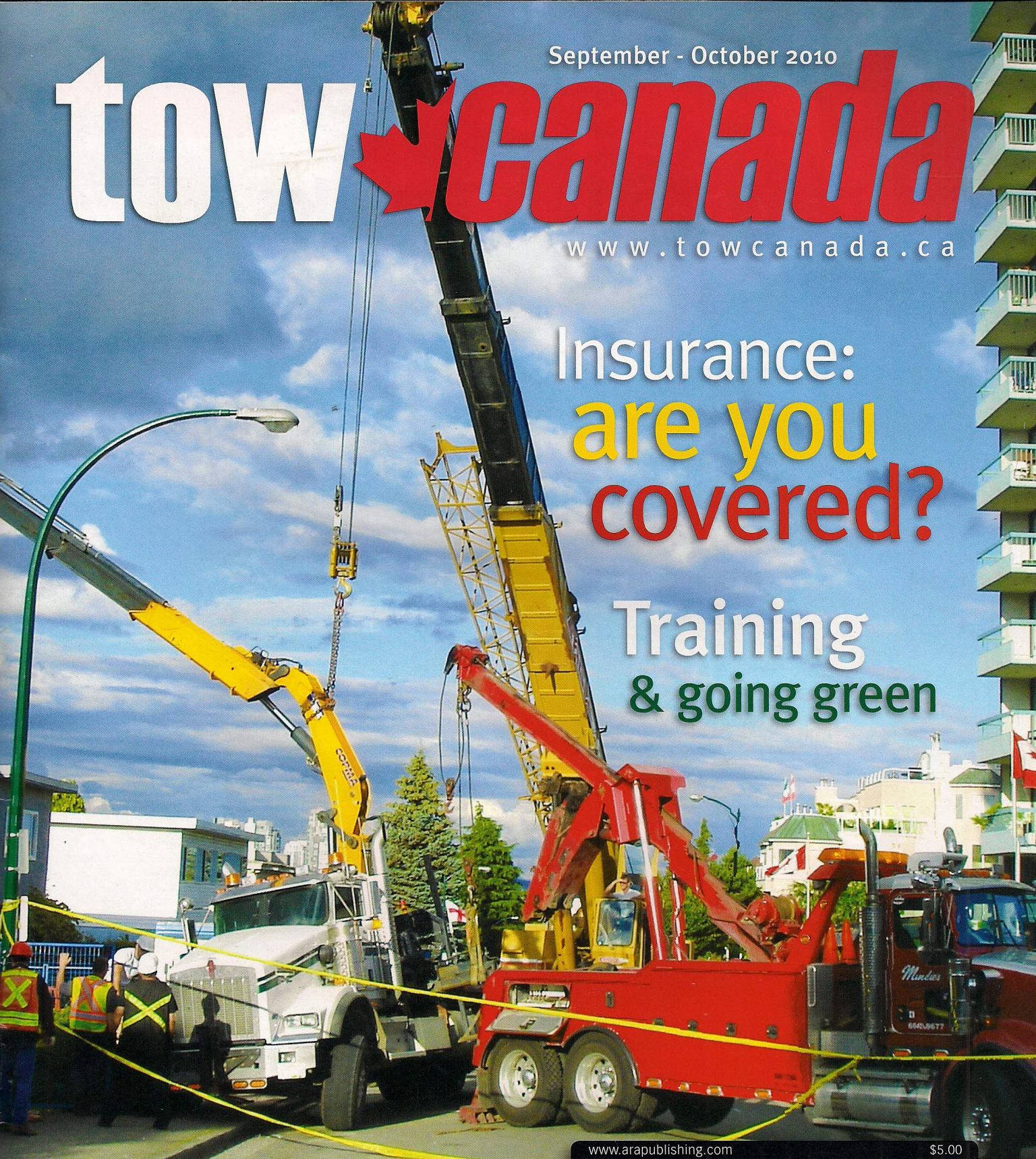
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# Gas Prices Up to \$7 per gallon? Give me a Break!

I just about fell out of my chair. I know gas and oil prices have moved up over the last few months and we are in the annual summer bump in fuel prices, but when I heard about the possibility of a \$7 dollar gallon, I had to do some digging. Where did that number come from?

by Jack Lee, President/CEO, 4Refuel Inc.

It seems the prediction was made as a reaction to more stringent environmental controls on emissions coming in the future for both Canada and the US.

First, let's look at what is planned for the oil sands in Alberta. Production from oil sands bitumen emits 15% more carbon dioxide (CO<sub>2</sub>) than conventional crude oil on a wells-to-wheels basis. Shell reports it is committed to cutting its environmental footprint. The company reports on its website it is dealing with the problem in a number of ways, "including greater efficiency and technological innovation." They report the first stage of expansion will employ a new technology that cleans the bitumen froth more efficiently, saving energy and water and avoiding CO<sub>2</sub> emissions by 40,000 tonnes a year. Shell will build the process into the first expansion phase of the Athabasca Oil Sands Project (AOSP Expansion 1) now under construction.

Looking at that situation, 4Refuel Fuel Analyst Bob van der Valk says, "Current technology has not caught up with the impending stricter requirements to make the heavy Alberta Oil Sands crude oil more environmentally sensitive. When it does, it will eventually add to the cost of production, pushing up prices." So, in reality, having cleaner extraction technology will boost the price we pay at the pumps, eventually.

Now, on to the US. The Obama Administration has identified the environment as another top priority and in order to meet the new regulations, consumers will all be asked to pick up a portion of the cost of cleaner air.

A Harvard Study says to meet EPA emissions targets gas prices could reach \$7 per gallon!

Here's what the gas guy, Bob van der Valk has to say about that: "Targets set by the US Environmental Protection Agency (EPA) include a goal to reduce carbon dioxide emissions in the transportation sector 14% by 2020. A lofty ambition, and in order to give it some teeth, it is included in the EPA's 2010 budget. Consumer studies by researchers at Harvard's Belfer Center for Science and International Affairs suggest that in order for the Obama Administration to meet that target and cut greenhouse gas emissions, Americans will soon be spending \$7 per gallon."

And what about those new laws controlling emissions? van der Valk reports, "As the government works through its new Health

Care legislation, it will turn to the proposed carbon tax which is meant to discourage the present trend for ever increasing use of fossil fuels. Without implementation of this carbon tax, it is predicted that vehicle miles traveled will increase by more than 30 percent between 2010 and 2030, putting even more pressure on fuel prices."

Bottom line is we will all spend more for gas. Will it hit seven bucks a gallon? Maybe. But for now let's assume fuel prices are on a rocket to new heights. What do you do? There will be a need for a huge shift in how we all use fuel. For families, we'll have to continue our move to more energy efficient models, do more carpooling and take fewer road trips. For companies who are fuel dependent there is a technology solution tied to Fuel Management, called Fuel Management Online, or FMO. With this web-application fuel monitoring is made easy so that fuel consumption can be controlled, measured and managed. For years there have been similar applications available to control labour costs and now FMO makes these tools available for fuel management use.

FMO helps Fleet Managers, Operations Managers and Purchasing Agents cut fuel costs.

In a technology driven world, FMO is a technological solution. Created by 4Refuel, the world leader in Total Fuel Management, this software suite is exportable for use with any accounting software. In fact the 4Refuel has even created USB FMO buttons that plug into your computer and take you immediately to the app's home page with one click...very slick.

Fleet Managers used to rely on manual reports, if they got them at all. FMO eliminates the hassle of gathering this information and ensures accuracy in all data.

So relax. Fuel is going up, but probably not to \$7 a gallon any time soon. But we all need to replace old habits with new ones. For company owners and fleet managers, FMO is the only way to plan for the future sting.

*Jack Lee is CEO of 4Refuel – the largest onsite fuel management company in Canada and a global leader in technology designed to help businesses reduce their fuel expenses. Got a question about fuel? Ask the fuel expert by emailing Jack at [AskTheFuelExpert@4Refuel.com](mailto:AskTheFuelExpert@4Refuel.com) ■*