RSGDA

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Supreme Court to Decide Fate of Swipe Fee Challenge

The United States Supreme Court agreed to hear an appeal from a Watford City, N.D., convenience store related to the timeliness of its lawsuit challenging a Federal Reserve regulation on debit card swipe fees.

The retailer Corner Post is challenging the Federal Reserve's Regulation II, which was implemented in 2011 and capped the amount of interchange fees banks can charge merchants for processing debit card transactions. Corner Post and other plaintiffs hold that Regulation II violates the Durbin Amendment, a provision of the Dodd-Frank Act, according to a PYMNTSreport. They argue that the cap on debit card swipe fees was set higher than intended by Congress.

The central issue at hand is whether Corner Post's lawsuit was timely filed under the Administrative Procedure Act (APA), which has a six-year statute of limitations for rules challenges. Corner post filed suit 10 years after the publication of Regulation II, prompting the U.S. Court of Appeals for the Eighth Circuit to rule that the suit was brought too late because the time period in which to file APA claims started from the date of rule publication, not from the date of the alleged injury.

Corner Post claims that it met the deadline because it filed suit within three years of opening and first being injured by Regulation II, and that the Eighth Circuit's interpretation turns the statute of limitations for APA claims into a permanent obstacle to judicial review, reported Law360. The retailer and its supporters believe that the limitations period should begin when a plaintiff is allegedly injured by an agency action, a view that has been upheld by the U.S. Court of Appeals for the Sixth Circuit.

The National Retail Federation (NRF) praised the Supreme Court for agreeing to accept the case and resolve the state of the statute of limitations.

"Some lower courts have held that the statute of limitations to challenge the cap has run out even for small businesses that didn't exist until long after it was issued," stated NRF Chief Administrative Officer and General Counsel Stephanie Martz. "Regulations that ignore the intent of Congress and harm a business owner later don't become less arbitrary merely by the passage of time. Basic concepts of due process and fairness require federal agencies to adhere to the laws that Congress drafts regardless of when the rules to implement those laws were issued. It's been a dozen years since the Fed promulgated these rules, but Corner Post was harmed by them only recently and has every right to challenge them.

"Beyond the statute of limitations question, the Fed set the debit card swipe fee cap far too high in the first place and has failed to update it as required by Congress," Martz continued. "Banks' costs of processing transactions have fallen dramatically, and these fees continue to drive up costs for merchants and prices for consumers. Retailers are now paying twice as much as they should if the Fed had followed the law. If the Fed isn't going to act on its own, the courts need to enforce the law."

Since 2011, the Federal Reserve has reviewed banks' costs every two years as required by the legislation but has not met the requirement that it keep the fees proportional to costs, according to NRF. A Federal Reserve survey found that bank costs allowed under the Durbin amendment averaged 8 cents per transaction as of 2009, making the cap almost three times banks' costs; a 2019 survey found that the average cost was 3.9 cents, making the cap more than five times banks' costs.

Federal Reserve Votes to Open Proposed Swipe Fee Changes to Public Comment

Now it's the public's turn to give its input on the cost of doing business with debit cards.

At a meeting on Oct. 25, the Federal Reserve Board of Governors voted six to one to open up proposed revisions to Regulation II's Interchange Fee Cap to a 90-day public comment period. Those 90 days will begin once the proposal is published in the Federal Register.

The Federal Reserve set a swipe fee cap in 2011 after it was directed by Congress under the 2010 Durbin Amendment to set regulations for debit card swipe fees, which are also known as interchange fees. Under the current rule, each interchange fee received by a debit card issuer for a debit card transaction can be no more than the sum of 21 cents, the base component; 5 basis points multiplied by the value of the transaction, or the ad valorem component; and fraud-prevention adjustment of 1 cent per transaction.

Under the revisions, the base component cap would decrease to 14.4 cents, the ad valorem component would decrease to 4 basis points; and the fraud-prevention adjustment would increase to 1.3 cents per transaction.

With the three components taken into account, the maximum interchange fee for a $50 debit card transaction will be 17.70 cents down from the current value of 24.50 cents for the same transaction.

As part of the proposal, the cap will be revisited every two years. Any future update to the swipe fee cap would be published without inviting public comment and would be published by March 31 of odd-numbered years, with the new amounts taking effect on July 1 and remaining in effect for two years, according to a memo by the Federal Reserve staff.

Not all board members supported the proposal. Federal Reserve Board Governor Michelle W. Bowman issued a statement against the revisions, noting that "while the proposal suggests that it could result in benefits to consumers, I am concerned that the costs for consumers — through the form of increased costs for banking products and services — will be real, while the benefits to consumers — such as lower prices at merchants — may not be realized."

Chevron to Buy Hess in $53B Deal

Chevron Corp. is acquiring Hess Corp. for $53 billion.

Under the definitive agreement announced Oct. 23, Chevron acquire all the outstanding shares of Hess in an all-stock transaction valued at $53 billion, or $171 per share based on Chevron's closing price on Oct. 20.

Hess shareholders will receive 1.0250 shares of Chevron for each Hess share. The total enterprise value, including debt, of the transaction is $60 billion.

The acquisition, according to Chevron, will upgrade and diversify the company's already advantaged portfolio. The Stabroek block in Guyana is expected to deliver production growth into the next decade. Additionally, Hess' Bakken assets add another leading U.S. shale position to Chevron's DJ and Permian basin operations and further strengthen domestic energy security.

The combined company is expected to grow production and free cash flow faster and for longer than Chevron's current five-year guidance.

Hess CEO John Hess is expected to join Chevron's board of directors.

The transaction has been unanimously approved by the boards of directors of both companies and is expected to close in the first half of 2024. The acquisition is subject to Hess shareholder approval. It is also subject to regulatory approvals and other customary closing conditions.

Morgan Stanley & Co. LLC is acting as lead financial advisor to Chevron. The company was also advised by Evercore. Paul, Weiss, Rifkind, Wharton & Garrison LLP is acting as legal advisor to Chevron.

Dollar Sales at US Retail Fuel Stations Rise for a Third-Straight Month

Dollar sales at U.S. retail fuel stations rose in September for a third-straight month, though sales were down from September 2022, according to Census Bureau data updated on Tuesday.

The agency said September dollar sales rose to $56.677 billion from $56.183 billion in August. But they were below the $58.728 billion recorded in September 2022.

The numbers are adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, the bureau said.

The sales figures remain close to highs seen in 2022, when retail fuel prices rose to record highs. Retail fuel station sales broke above the $50 billion for the first time in October 2021 and reached $60 billion for the first time in March 2022, the agency's data showed. The record high was set in June 2022, when dollar sales exceeded $68 billion.

Dollar sales surpassed $60 billion in eight months last year, but the sales total has been in the $50 billion range since December, according to the agency's data.

--Reporting by Donna Harris

US Vehicle Traffic in August Rises to Highest Since 2019: DOT Data

U.S. vehicle traffic volumes in August rose to their highest for the month since August 2019, according to the latest data from the Department of Transportation's Federal Highway Administration released Friday.

The agency's monthly Traffic Volume Trends report estimated that U.S. drivers traveled 288.4 billion miles on all roads and streets, the highest for the summer month since 2019 when it was estimated to be 293.3 billion miles.

After adjusting for seasonal factors to make month-to-month comparison more meaningful, August vehicle miles rose 0.4% from July.

The agency's regional data breakdown showed that Northeast vehicle miles rose 3.2% compared with a year ago, and those in South Gulf - which includes mostly U.S. Southern states plus Texas - rose 3%. The two outperformed the other three regions, according to DOT data.

Easing fears over Covid-19 and pent-up travel demand appeared to encourage more Americans to take vacation trips by driving, flying or a combination of both.

According to OPIS DemandPro data, which monitors more than 30,000 gas stations across the U.S., August average station gasoline volumes were 22% below the August 2019 volumes before the pandemic disrupted fuel demand patterns.

Other factors such as improving fuel mileage, the rising number of electric vehicles and more Americans working from home could also dent fuel demand despite the return of vehicle traffic.

--Reporting by Frank Tang

US Gasoline Price Increases Help to Boost September Inflation Rate: BLS

Higher gasoline prices contributed to the U.S. rate of inflation rising by 2.1% from August, the Bureau of Labor Statistics said on Thursday. September's inflation rate was up 3% year to year.

The September increase in the gasoline price index was the fourth-straight monthly gain, and followed a 1% increase in June, a 0.2% gain in July and a 10.6% jump in August, according to BLS data.

The overall energy index rose 1.5% in September, but was down 0.5% year to year. Fuel oil prices rose 8.5% in September, though they were off 5.1% year to year.

September electricity prices rose by 1.3% and were up 2.6% from a year ago, while natural gas utility prices fell by 1.9% in September and were down about 20% year to year, the agency reported.

The Consumer Price Index rose 0.4% in September on a seasonally adjusted basis, after increasing 0.6% in August. Over the last 12 months, the CPI rose 3.7% before seasonal adjustment.

The index for shelter was the biggest contributor to the monthly CPI increase, representing more than half of the month's gain, BLS said. Food prices also continued to climb, with the index for food away from home up 0.4% month-to-month and 6% year to year.

--Reporting by Donna Harris

Goldman Sees US Retail Gasoline Near $4 in 2024-2025; Bullish vs. Diesel

Goldman Sachs energy analysts on Tuesday forecast average U.S. retail gasoline prices to hover just below the $4/gal mark in 2024 and 2025, and the bank expects gasoline to outperform diesel due to an expected global distillate supply growth among other factors.

During the latest crude rally, U.S. gasoline cracks -- or refinery margins -- have been well below recent highs due to a recent transition to winter specification, which helped keep the price at the gasoline pump relatively low compared to that of crude, Goldman said in its latest note.

On Tuesday, November-delivered NYMEX West Texas Intermediate crude futures traded at around $90/bbl, up about 34% from a June 12 settlement of $67.12/bbl. During the same period, the November-delivered U.S. RBOB contract gasoline price lost 5% to around $2.36/gal Tuesday, down from its June 12 close of $2.48/gal.

However, the bank said that additional crude rallies could face a headwind because a further increase in the oil price would likely curb global fuel demand.

Downstream, Goldman said it now expects U.S. retail gasoline prices to average $3.70/gal for Q4, and $3.90/gal for the full year 2024. They are up from the bank's previous forecasts of $3.40/gal and $3.60/gal, respectively.

On Tuesday, the average U.S. retail price was around $3.80/gal, in line with levels a year ago when the Ukraine war sparked a global energy crisis.

Goldman said it is now more bullish in gasoline than diesel, because the sell-off in NYMEX RBOB gasoline futures appeared "excessive" considering that managed money - the group which tends to be speculative - was at relatively low levels.

The bank also said it expects "significant room to boost diesel yields" across the developed economies despite the loss of heavier crude supply from top producers like Saudi Arabia and Russia.

In addition, Goldman said Russia's product export ban should be "short-lived" because of local storage constraints, and the ban in response to domestic fuel shortage is "insignificant" in the context of the global markets. Moscow announced the export ban on Sept. 21, and Russian officials this week declined to say how long the restriction would last.

Between Q4 2023 and the end of 2024, the bank said it is lowering its Northwest European gasoil crack forecasts on rising inventories and lower hydrotreating costs. Goldman is also downgrading its RBOB crack forecasts mostly on lower expected Renewable Identification Number prices.

--Reporting by Frank Tang

Gas Prices Decline Despite Unrest in the Middle East

Domestic pump prices maintained their daily decline despite the uncertainty rippling through the oil market in the days since Hamas terrorists attacked Israel.

According to AAA, though oil prices have risen a few dollars per barrel this week, it's far from the roughly $40 per barrel temporary spike following last year's Russian invasion of Ukraine. This is likely due to Russia's position as a significant oil producer, which Israel and the Palestinian territories are not.

Overall, the national average for a gallon of gas fell 12 cents since last week to $3.64. That brings the average cost of a gallon of gas to 19 cents less than a month ago and 28 cents less than a year ago.

"As long as this war does not spread to include more countries in the region, the effect on the oil market will remain muted," said Andrew Gross, AAA spokesperson. "Here in the U.S., there are now nine states with some county gas averages below $3 a gallon, and this number will likely increase in the coming weeks."

According to new data from the Energy Information Administration (EIA), tepid demand, alongside descending oil prices, has pushed pump prices lower. If oil prices continue to decline, drivers can likely expect further price drops at the pump in the weeks ahead. Additionally, total commercial crude stocks increased significantly by 10.1 million barrels to 424.2 million barrels last week, EIA reported.

Since last Oct. 5, these 10 states have seen the largest decreases in their averages: California (23 cents), Nevada (19 cents), Arizona (18 cents), Iowa (16 cents), Indiana (-16 cents), Texas (15 cents), Oklahoma (15 cents), Michigan (15 cents), Minnesota (15 cents) and Washington (14 cents).

The nation's current top 10 least expensive markets are: Georgia ($3.10), Mississippi ($3.11), Texas ($3.14), South Carolina ($3.16), Alabama ($3.16), Delaware ($3.17), Louisiana ($3.18), Tennessee ($3.19), Ohio ($3.21) and Arkansas ($3.23).

BP Urges US Stations to Update POS Software to Avoid Penalties

BP Plc has urged branded wholesalers and retailers to upgrade to the latestchip payment card software for the gas islands by the end of this year.

The new software release applies to all BP-approved POS systems, including point-of-sale systems for Verifone, Gilbarco and NCR, the company said in an email Wednesday.

The upgrade corrects several glitches in the current chip payment card software. Stations that fail to comply will be liable for chargebacks because they don't comply with the Europay Mastercard Visa technology standards for chip cards, BP said. The contactless transactions at the pump also could be disabled, the major added.

The email also said some sites must make some updates to the point-of-sale terminals that accept Mastercard Fleet Cards to avoid penalties.

And BP said it is investigating a glitch in which fleet cards are being declined at the pump.

--Reporting by Donna Harris

US Gas Station Wages Dip but Stay Close to All-Time High

Average hourly wages for U.S. gas stations and gas stations with convenience stores declined slightly but remained near record highs in August, according to data from the Bureau of Labor Statistics updated Friday.

In August, hourly wages for gas stations averaged $16.87, down from $16.93 in July, but matching the second-highest average on record. Hourly wages for gas stations with convenience stores dipped to $16.70 from $16.78 in July but beat all other prior averages, the bureau's report shows.

The numbers are not seasonally adjusted.

The average hourly wage for the retail trade overall was flat in August at $20.55, but the figures show that average retail wages rose to $20.73 in September.

Other competing retail channels saw higher month-to-month hourly wages in August, including food and beverage retailers, rising 15 cents to $17.26; supermarkets, up 16 cents to $17.23; liquor stores, up 51 cents to $18.17; limited-service restaurants, up 7 cents to $15.48; and car washes, increasing 6 cents to $18.50.

On the wholesale side of the business, the bureau reported that petroleum products wholesalers saw a month-to-month decline in average hourly wages to $30.25 in August from $30.35 in July.

However, average wages for petroleum wholesale companies increased sharply from the onset of the Covid-19 pandemic. The bureau's January 2020 report on nonsupervisory wages shows the average wage at $23.06 per hour, about 31% lower than the most recent average.

--Reporting by Donna Harris

Reported Robberies at US C-Stores, Gas Stations Rises in 2022: FBI Data

The number of reported robberies at convenience stores and gas stations rose in 2022, but the increase was commensurate with an overall increase in the number of reported robberies in the U.S., according to FBI crime data updated this week.

The agency said there were 17,639 c-store robberies reported last year, up 10.4% from 15,975 in 2021, and 9,759 gas station robberies, up 12.1% from 8,704 in 2021.

Convenience stores last year ranked fourth and gas stations ranked sixth in numbers of robberies by location - unchanged from 2021.

Convenience store robberies accounted for 9% of total U.S. reported robberies and gas stations accounted for 5%, both unchanged from last year.

In 2020, the onset of the Covid-19 pandemic, c-store robberies rose to 10% of all reported robberies (up from 9% in 2019) and gas station robberies remained 5% of reported robberies, according to the data.

Convenience stores have ranked fourth in numbers of reported robberies based on location for at least the last decade and - other than 2020 -- have accounted for 9% of total robberies since 2016. In 2015 and 2014 c-store robberies represented 8% of total robberies and in 2013 and 2012, 7% of the total.

Gas stations ranked sixth in numbers of reported robberies by location for the past three years, seventh from 2012-2019, except for 2014 when the category slipped to eighth. The category represented 4% of total robberies from 2015-2019 and 3% of the total from 2012-2014.

In 2022, convenience store incidents were 3% of all violent crime based on location and gas station incidents were 2%. Last year, 2% of the reported homicides took place at gas stations and 1% took place at c-stores, the FBI numbers showed.

Overall, the rate of robberies per 100,000 people by year has fallen by more than 40% in the last decade, the data showed.

--Reporting by Donna Harris

Study Shows Food Service Driving More Sales at US C-Stores

Some 52% of convenience store shoppers are visiting once or more weekly and about 30% are making more trips to c-stores than they did last year, Florida-based marketing firm the Acosta Group said in a news release Thursday.

Ninety-two percent of the time, food and drink purchases are the primary purpose of the trip. And 45% of c-store shoppers are buying hot foods at least once per week, with sandwiches, breakfast foods and pizza the top choices. Just over half of the customers surveyed rated hot food items just as good as fast food restaurants, often at a better price.

"There's no doubt that high-quality foodservice is one of the key drivers behind increased trips this year,"Kathy Risch, an Acosta senior vice president said in announcing the results of the study.

Some 58% of c-store shopping occurs during the afternoon, and 78% of customers are purchasing snacks, not full meals, taking their food to eat on the go.

C-store shoppers say they learn about promotions primarily from in-store signage and signage at the gas pump or charging station, in addition to retailer apps.

The study focused on two consumer segments who are heavy users of c-stores: blue-collar workers and Millennials. Almost a quarter of blue-collar workers shop c-stores every day, versus the average 11% of all shoppers, and Millennials are more likely to shop weekly if not every day.

Of the blue-collar workers, 70% are buying a snack on the way to, during or from work; 58% are buying lunch; 48% are buying dinner; and 42% eat in-store. Fifty-three percent of the Millennials shop in the evening; 44% stop for snacks to, during or from events; 36% stop for snacks to, during or from work; and 32% stop for snacks to, during or from school.

The items most often purchased at c-stores are snacks, candy, baked goods, and refrigerated beverages. The items that are shopped more exclusively at c-stores are meat snacks and store-made hot foods.

Loyalty programs are especially popular with young shoppers, with 82% of Millennials and 60% of Generation Z having memberships. Millennials use the program like the average c-store shopper but are less interested in specials and promotions, Acosta said, while Gen Z members are interested in new item alerts and points for prizes with their memberships.

While 48% of all c-store shoppers subscribe to retailers' apps to earn rewards points and learn about specials and recommendations, that figure jumps to 85% for Millennials, the company said.

--Reporting by Donna Harris

M&A Market for C-Stores Healthy, but Slowed as Rates Climbed: NACS Panel

ATLANTA - The market for mergers and acquisitions in the convenience-fuel space is healthy, though higher interest rates have slowed the pace of deals and transaction prices are lower than several years ago, according to an expert panel speaking at the NACS Show on Monday.

There are still plenty of buyers and sellers, though sellers are not as pressed to gain scale as they were several years ago when more convenience marketers were interested in going public and showing growth rates necessary to impress Wall Street.

"The convenience store business still looks very strong compared to other industries," said moderator Jeff Kramer, managing director with NRC Realty & Capital Advisors LLC, though he noted initial public offerings are "much more scarce."

The biggest potential concern for the M&A market in the convenience industry is if banks tighten credit, panel members said. Most c-store buyers rely on conventional bank financing, the panel observed.

"The capital still seems to be there, though interest rates could be lower," said Bill Kent, owner and chairman of Kent Companies, based in Midland, Texas. "The industry is well-regarded."

"As long as the debt markets stay open you will see M&A in our space, though M&A has slowed down," said Travis Smith, co-founder and chief development officer, of Refuel Operating Co. LLC. The Mount Pleasant, S.C.-based company has made 16 acquisitions in a little over four years, he said.

--Reporting by Donna Harris

Fuel, Auto Trade Groups Say Proposed CAFE Standards Are Unfeasible

Trade groups representing the energy and auto industries have blasted Biden administration's plans to significantly raise the nation's fuel economy standards, saying the Department of Transportation's National Highway Traffic Safety Administration is overstepping its authority with rules that will essentially force a transition to electric vehicles.

Nearly 63,000 public comments had been filed on the proposed regulations, which call for the fuel efficiency for passenger cars to rise 2% each year from model year 2027 and MY2032 and for a 4% per year increase for light trucks over the same period. The proposed Corporate Average Fuel Economy standards issued by NHTSA would increase the average fuel economy standards for passenger cars and light trucks to 58 miles per gallon by 2032.

The new standards come on top of strict new Environmental Protection Agency rules on tailpipe emissions announced in April that are also intended to force electrification of the national vehicle fleet.

Many of the comments filed by groups opposed to the proposal seem to be setting up a court fight over the standards if they are adopted, warning that the NHTSA has exceeded its Congressional mandate by trying to force national adoption of EVs.

"If finalized as proposed, the proposed standards would prompt a transformational shift in the transportation energy industry -- including the fuel retail industry -- far beyond that which NHTSA has authority to pursue under current law. Whether this transition is necessary and how best to achieve it are 'major questions' reserved for Congress and Congress alone," the fuel trade groups NATSO, NACS and SIGMA said in their 12-page comment on the proposal.

In its comments, the American Fuel & Petrochemical Manufacturers group said the new standards failed Congress' direction that it balance such factors as technological feasibility, economic practicability, fuel economy, and energy conservation by setting standards not achievable by ICE engines.

While Congress prohibited the agency from considering EVs when setting fleet mileage standards, "NHTSA openly considered electric vehicles in deciding the maximum fuel-economy level that automakers can feasibly achieve," AFPM said.

"Congress included an explicit prohibition to ensure that EVs remain the compliance flexibility that Congress intended them to be -- and not become a regulatory mandate," the group said.

The Alliance for Automotive Innovation, which represents 42 automobile companies that are responsible for about 97% of the new vehicles sold in the U.S., said the mileage standard proposal "exceeds maximum feasibility." Inability to meet proposed fleet mileage standards could lead to manufacturers paying more than $14 billion in non-compliance penalties affecting one in every two light trucks in the 2027-2032 model years, and one out of three passenger cars in 2027-2029, the group said.

"The number of non-compliant vehicles and manufacturers projected exceeds reason and will increase costs to the American consumer with absolutely no environmental or fuel savings benefits," the group said, estimating the new standards will boost costs to consumers by an average $3,000 per vehicle.

The group argues that the potential fines and increased costs created by new standards will slow development of the EV fleet, as it will reduce companies' ability to invest in the transition to electric vehicles.

The auto manufacturers also called for aligning national standards on mileage and emissions so that fleets that meet one standard also meet the other.

In addition to saying that automotive technology is not up to meeting the proposed stricter requirements, many commenters also said U.S. charging capacity for electric vehicles is unlikely to keep pace with the Biden administration's timeline for a transition to EVs.

In their comments, NATSO, NACS and SIGMA said that even as EVs currently make up only a fraction of vehicles in the U.S., EV adoption is outpacing development of charging infrastructure.

"This trend threatens the development of transportation electrification, and casts doubt on the prospect of the current pace of growth continuing," the groups said, noting that a 2021 study found that 20% of EV owners in California switched back to ICE vehicles due to difficulty in finding charging.

The fuel groups also said the current electricity market structure was not designed to allow retailers to profitably take advantage of electronic fueling.

"Until more policymakers focus their attention on this market failure, it will continue to depress EV adoption by creating a market in which the industry relies on ad hoc government incentives rather than being incentivized by the free market," the groups said.

The group said serious stakeholders in the charging arena are "extraordinarily skeptical" that electricity providers will be able to increase generation and transmission capacity needed within a decade to meet administration goals.

"The proposed rule largely assumes that an increase in EV production will necessarily lead to a sufficient increase in electricity generation and transmission to meet those EV needs. This is a dangerous assumption to make," the groups wrote.

In its comments, the American Petroleum Institute trade group said NHTSA's push for electrification "ignores fuel- and vehicle-based options that could better accomplish the statutory objectives," such as biofuels and alternative fuels such as hydrogen.

"NHTSA's significant reliance on transportation electrification effectively results in the unreasonable elimination of consumer choice in terms of vehicle powertrains available to consumers," the group said. "API is supportive of fuel efficiency and supports the concept that different vehicle technologies that reduce greenhouse gas emissions should be allowed to compete equally for consumer and market acceptance and growth."

--Reporting by Steve Cronin

EV Charging Will Shape the Future of C-store Design

Don Longo

Editorial Director Emeritus, NACS

Elon Musk has reportedly received approval to proceed with plans to build an all-night diner and drive-in movie theater in Hollywood. The 1950s-style drive-in will feature 32 stalls for all-night charging of electric vehicles (EVs), a restaurant with rooftop seating and two giant movie screens that will show clips from classic movies.

In covering the convenience store industry for the past 17 years, I've seen dozens of iterations of the "c-store of the future." Like Musk's latest dream, many of those futuristic prototypes featured electric vehicle charging stations to some degree. None showcased as many as the 32 that Musk envisions, but the brilliant entrepreneur has never been known for setting modest goals.

The predictions for EV sales are wildly divergent. One day, you'll read a report that half of all new car sales by 2035 will be electric. The next day, you'll read that Ford will lose $3 billion from EV sales to consumers this year. Recently, a former Ford executive told CNBC that EV demand is not keeping up with production.

Regardless of the varying predictions, I think the only thing that will slow EV sales in the near future is the availability of a charging infrastructure. Despite the federal and state government funding for new charging equipment, most experts see a deficit in the number of chargers needed to service the growing EV fleet. There certainly doesn't appear to be enough charging locations to support the most optimistic predictions for 2035.

The current thinking is that you need at least two charging stations on a site. But is two even enough? Musk certainly doesn't think so. He's taking no chances that someone may pull into his facility and not be able to find an unused charger.

One thing that Musk's new concept appears to understand is the important role foodservice will play as more sites add EV charging units. The whole definition of on-the-go convenience is likely to change as EV owners go inside for a bite to eat while their vehicles' batteries are recharged. C-store foodservice will progress further from snack bar to fast food to fast casual sit-down restaurants.

I recognize that the obstacles to electrification of the motor vehicle fleet are huge and go beyond the number of charging locations. Who knows if car makers can find sufficient quantities of the minerals needed to make batteries or if the U.S. power grid can handle a massive influx of new electric vehicles. And, as the latest number of severe weather-related events show, the disastrous impact of one major hurricane would be amplified by an overreliance on electricity to power cars, trucks, homes and businesses.

Nevertheless, the momentum — fueled by government spending — appears to be moving the country inexorably toward EVs. The smart business decision is to be ready. Musk's diner/drive-in/restaurant/charging facility might actually be a glimpse of the future convenience store.

Over Half of EV Owners Plan to Buy Another ICE Vehicle

A recent study from S&P Global Mobility found that over half of EV owners plan to purchase an internal combustion engine (ICE) vehicle for their next car, with the exclusion of Tesla owners, Car Scoops reports.

The study reported that the fuel type loyalty rate for mainstream brand EV households was at 52.1% through July of 2023. It’s noted that this is not representative of EVs being replaced by an ICE vehicle, but replacements for other vehicles they already have.

63.2% of Nissan EV owners plan to purchase an EV for their next vehicle. Chevrolet EV owners trail with a loyalty rate of 60.6%.

Individual vehicle models were also examined in the study, with 37.3% of households owning a Ford Mustang Mach-E purchasing an EV for their next vehicle and 45.8% opting for gasoline-powered cars, with many choosing other Ford trucks and SUVs.

Additionally, 60.7% of Chevrolet Bolt owners chose to purchase another EV for their next vehicle. Most of the individuals in this group showed less inclination to choose a truck or SUV for their next vehicle.

EV loyalty rates for luxury vehicles were revealed to have experienced significant growth in recent years, with 56.6% of Mercedes-Benz EV owners planning to purchase another EV for their next vehicle–an increase from its 24.3% loyalty rate in Q2 2020.

Other luxury automakers seeing such increases include Jaguar, with an increase from 25% to 56.5%; Audi, with an increase from 25.5% to 50.1%; Porsche, which jumped from 23.3% to 36.8%; and Tesla, growing from 51.8% to 76.7%.

The outlier was BMW EVs, which saw its EV loyalty rate drop from 46.6% to 45.9%.

"The OEMs are spending huge amounts of money to develop EVs," said Tom Libby, associate director for loyalty solutions and industry analysis at S&P Global Mobility. "So the last thing they want is for an EV owner to go back to ICE."

Tesla's EV Market Share Falls to 50%

As recently as the second quarter of last year, Tesla controlled 75% of the EV market. Though total EV sales in America for this year's third quarter (Q3) saw a 49.8% increase, Tesla only accounted for 50% of EVs last quarter.

Transaction prices for EVs in Q3 experienced significant decreases from 2022. Tesla too has cut its prices, which are now down by roughly 25% year-over-year, and even saw its sales grow by 19.5% last quarter.

In spite of this, Tesla's lead in the market may be on the decline because of the dramatic increase in competitors.

In 2022, several automakers made sweeping gains in EV sales. Volvo, Nissan, Mercedes, and Hyundai saw increases above 200%, in large part due to new products being offered.

German luxury brands such as Audi, BMW, and Mercedes are also rapidly increasing EV model sales, with Audi reporting an EV sales gain of 94% BMW and Mercedes seeing their EV sales more than triple from a year prior in Q3.

This trend is predicted to continue, with Kelley Blue Book analysts estimating the number of available EVs to double by 2027.

DOL Will Not Extend OT Rule Comment Period

DOL has denied numerous requests to extend the comment period for the proposed changes to the overtime pay rule. As a result comments must be submitted by November 7.

Background:

The US Department of Labor (DOL) has proposed changes to the white-collar exemptions to federal overtime pay requirements that could severely and negatively impact our industry and the economy generally.

Currently, an employee must meet three criteria to qualify as "exempt" from overtime pay: first, they must be paid a salary; second, that salary must be more than $684/week ($35,568 annually); and third, their "primary duties" must be consistent with executive, administrative, or professional positions as defined by DOL.

DOL has proposed raise the minimum salary threshold to $1,158 per week ($60,209 annually) – an increase of nearly 70%. DOL is making this change despite the last increase occurring only four years ago. DOL also has proposed automatically updating the minimum salary every three years going forward.

This massive increase to the salary level followed by automatic increases every three years will have an extremely negative impact on our industry and the economy. Employers would be faced with crushing increases in labor and administrative costs and the American people would see jumps in prices for goods and services as well as diminished customer service. At the same time, employers need to track hours of nonexempt employees, so employees who are reclassified from exempt to nonexempt could lose workplace flexibility, including the ability to work remotely, and workforce development opportunities, such as the ability to attend conferences or classes outside of normal work hours.

US Labor Department Sues 7-Eleven Operator on Overtime Rules

The Labor Department sued a fuel retailer who operates four Michigan 7-Eleven stores alleging a Wage Hour Division investigation found multiple legal violations, according to an announcement late last week.

The lawsuit filed Sept. 29 in the U.S. District Court for the Western District of Michigan in Grand Rapids seeks $36,528 in back wages and damages for 13 workers employed by Ali & Companies LLC and its owner Ali Haider. The company owns two stores in East Lansing, one in Perry and one in Zeeland.

The complaint alleges the retailer did not pay workers overtime at time and one-half of their regular pay when they worked more than 40 hours per week from at least Nov. 17 through Nov. 16, 2022, instead paying some workers off the books. The division also alleged the company failed to maintain accurate records of wages and hours worked, which violates the Fair Labor Standards Act.

Haider, who is president of the Michigan Franchise Owners Association of 7-Eleven, did not return a request for comment on the allegations.

--Reporting by Donna Harris

Maine Voters Presented With 'Right to Repair' Initiative

This November, the state of Maine will be voting on a right-to-repair citizen initiative, Seacoast Online reports.

Question 4 was put on the ballot following a citizens' petition that gained over 70,000 signatures from the Maine Right to Repair Coalition and other supporters. It was brought to the Maine Secretary of State's Office this winter.

The initiative has gained support from independent shops such as Duval's Service Center in South Portland, where owner Erik Lowell has a pro-Question 4 sign displayed in his shop's waiting room.

Lowell fears that when warranties on newer cars expire and consumers decide to have their vehicles serviced outside the dealership, shops like his will be unable to access diagnostic systems. Though his shop is licensed to perform safety inspections, not having that data will potentially prevent him from doing so.

Dan's Auto Repair in Boothbay has experienced this problem already. With model years 2021 and newer, owner Dan Williams has encountered an "access denied" message when trying to access the cars' onboard diagnostics systems.

Nationwide, the right-to-repair movement has faced pushback from the Alliance for Automotive Innovation. In Maine, Question 4 is seeing opposition from the Maine Automobile Dealers Association, which argues that independent shops are able to access as much data as they need. They also cite cybersecurity concerns as another reason for not supporting the initiative.

Maine Representative Opposes Right to Repair Referendum, Cites Security Risk

Maine state representative and House co-chair of the Committee on Innovation, Development, Economic Advancement and Business, Tiffany D. Roberts, has come out in opposition to an upcoming right-to-repair referendum, Central Maine reports.

Though Roberts supports the idea behind the right-to-repair movement, she has argued that shops are already offered the data they need for repairs and that the agreement between the Automotive Service Association, the Society of Collision Repair Specialists, and the Alliance for Automotive Innovation has effectively addressed any issues with data access.

One of the issues Roberts has with the upcoming referendum–Question 4–is cybersecurity. The legislation suggests, according to her, creating an independent entity within state government and a standardized access platform with remote access for third parties to access information.

Additionally, Roberts voiced concerns over liability being transferred from manufacturers over to the state of Maine and that it would violate the National Highway Traffic Safety Administration's cybersecurity best practices.

Roberts concludes by suggesting that alternatives that could help the right-to-repair movement should be explored and urged others to oppose Question 4 this coming November.

ASE Offers Free Technical Update Training Webinars for Technicians

On Tuesday afternoons, ASE offers free online webinars presented by industry partners. The webinars are one hour in duration and begin at 4:00 p.m. ET.

Recent webinar topics include automotive scan tool applications, changing wheel and tire sizes, electric hybrid vehicles, and air conditioning best practices.

To learn more about the ASE free webinars or to register for a webinar, visit www.ase.com/test-prep-and-training.

ASE Fall Registration Deadline December 31

ASE fall registration is open for testing and recertification. Service professionals registering by Dec. 31 will have 90 days to schedule an appointment to take their selected ASE tests.

ASE now offers three options for taking certification or recertification tests, including in-person testing, using the ASE renewal app for those with unexpired automobile certifications (A1-A9), and also ProProctor remote testing for an online recertification solution for all ASE recertifications tests, excluding L1 and L2 tests.

We invite you to visit www.ASE.com and learn more about the value of ASE certification to service professionals and their customers.

Tesla Recalls Over 54K Model X Vehicles

Tesla will be recalling 54,676 of its Model X vehicles due to an issue with the vehicle controller, Reuters reports.

The recall applies to Model X vehicles produced between 2021-2023. The vehicle controller in these vehicles is prone to not detecting low brake fluid or showing a warning light.

As of October 10, the automaker is not aware of any crashes, injuries or deaths related to the problem, according to the National Highway Traffic Safety Administration.

Tesla has employed a free over-the-air software update to remedy the defect.

Kia Issues Do-Not-Drive Order for Forte Sedans

Kia has issued an urgent recall and a Do-Not-Drive order for around 3,900 Forte sedans due to an issue causing a loss in steering control, Kelley Blue Book reports.

The recall applies to Forte vehicles from model year 2023. According to the automaker, a joint in the car's right front lower control arm may have not been welded correctly. This makes it prone to breaking under use and causing a loss in steering control.

Owners of the recalled vehicle will receive notices by mail and will be instructed to arrange for a dealership to have the car towed in and worked on. Repairs and towing services will be free.

To remedy the issue, dealers will replace the right front lower control arm.

FDA Sends Final Menthol Rule for Review

More than a year after stating it would move to ban menthol from tobacco products, the U.S. Food and Drug Administration (FDA) is making its final push.

According to numerous reports, the agency submitted a final product standard that would prohibit the use of menthol in cigarettes, roll-your-own tobacco and heated tobacco products to the White House Office of Management and Budget (OMB) for final review.

The OMB reviews potential regulations to assess their economic impact — a necessary step before the FDA's rule can be implemented.

In late April 2022, the FDA proposed two product standards, one to prohibit menthol as a characterizing flavor in cigarettes and the other to prohibit all characterizing flavors (other than tobacco) in cigars. The public comment period regarding the menthol ban regulation ended on July 5, 2022, with the FDA receiving 175,535 comments in response to the prohibition of menthol, the majority of which opposed the ban, as Convenience Store News reported.

The product standard targeting flavored cigars is also before the OMB.

Several groups stand in support of the ban, including the American Lung Association, which is urging the Biden Administration to act quickly to finalize the rules that would end the sale of menthol cigarettes and flavored cigars.

The Campaign for Tobacco-Free Kids also welcomed the news that the FDA sent its rules to end the sale of menthol cigarettes and flavored cigars to OMB for final review, and echoed the call for the administration to expedite the review and issue final regulations by the end of the year.

U.S. Supreme Court Declines to Hear Challenge to FDA's Authority to Reject Flavored Vapor Products

The United States Supreme Court will not hear arguments in a case regarding the U.S. Food and Drug Administration's (FDA) authority to reject approvals of flavored e-cigarettes.

This leaves in place a ruling by the U.S. Court of Appeals for the Fourth Circuit that found the FDA has the power to deny applications for flavored e-cigarettes due to its mandate to protect public health by discouraging young people from smoking.

The Fourth Circuit's ruling denied an appeal by vape retailer Avail Vapor, which argued that the FDA unfairly denied its product applications based on requirements that it had changed without notifying companies.

The case in question was prompted by the FDA's rejection of all Avail Vapor's applications for fruit- and dessert-flavored e-cigarettes in 2021. According to the agency, Avail did not present long-term studies demonstrating that these sweet-flavored c-cigarettes were more effective at helping adult smokers quit than tobacco-flavored e-cigarettes. The agency stated that such studies are necessary to demonstrate that the benefits of Avail's products to adults outweigh their risks to young people, who are attracted to sweet-flavored e-cigarettes.

Avail's applications included four studies that surveyed patients on the safety and usability of some of its products but did not make any comparisons to tobacco-flavored e-cigarettes. The applications did include Avail's marketing measures, including age verification for online sales.

In its appeal to the Fourth Circuit, Avail stated that the FDA had not informed the company that it would need to see long-term studies comparing its sweet-flavored e-cigarettes to tobacco-flavored e-cigarettes. It also argued that the FDA is obligated to consider the marketing plan included in its applications.

However, Fourth Circuit Judge J. Harvie Wilkinson expressed that Avail "encourages us to neglect the forest for the trees," focusing on procedural objections instead of the FDA's mandate to "ensure that another generation of Americans does not become addicted to nicotine and tobacco products."

He wrote that the FDA did not reject Avail's application due to the lack of specific long-term studies, but instead followed its mandate by requiring strong, product-specific evidence to evaluate the benefit of new e-cigarette products to adults.

Avail exited the retail industry after selling its 100 brick-and-mortar stores in October 2021, one month after the FDA rejected its applications.

NJOY Takes Legal Action Against Illicit Disposable Vapor Manufacturers

NJOY LLC filed litigation against manufacturers of disposable vapor products that are being sold illegally.

NJOY, an operating company of Altria Group Inc., is suing 34 foreign and domestic manufacturers, distributors and online retailers of illicit disposable vapor products that are unlawfully marketed and sold in California and elsewhere.

The suit alleges that these companies manufacture, distribute, market and sell products that violate California's flavor ban law, are unlawful under federal law and subject to U.S. Food and Drug Administration (FDA) action, and illegally compete against companies that comply with state and federal laws.

California voters approved a statewide flavored tobacco ban in November 2022.

The suit seeks a nationwide injunction against the import, marketing and sale of these illicit products, and significant compensatory and punitive damages.

The litigation, filed in the United States District Court for the Central District of California, is brought under four claims: unfair competition, false advertising, false advertising in violation of the Lanham Act, and violation of the Prevent All Cigarette Trafficking Act of 2009.

Named defendants in the suit manufacture and distribute illicit disposable vapor products which include, but are not limited to, brands such as: Breeze, Elf Bar, EB, EB Create, Esco Bar, Flum, Juice Box, Lava Plus, Loon, Lost Mary, Mr. Fog and Puff Bar. Domestic defendants include companies doing business in Arizona, California, Delaware, Florida, Michigan, Minnesota, New Jersey, New York and Texas. Foreign defendants are all based in China, according to Altria.

None of the defendants has received premarket authorization from the FDA, and according to the tobacco company, several defendants have not filed required premarket tobacco product applications.

U.S. Judge Says Marketing Process for Citgo Auction Can Start Monday

A U.S. federal court judge on Thursday said the marketing process for an auction that could determine control of U.S. oil major Citgo will start next week.

Delaware District Court Judge Leonard Stark's order came a day after the Biden administration extended U.S.

protections of Citgo from Venezuela's creditors through Jan. 18 and eased sanctions on oil exports from the country, following President Nicolas Maduro's pact with his opposition to hold a president election next year monitored by international observers.

Stark's order that the marketing process begin next Monday starts the 90-day countdown that will culminate in an auction on Jan. 22, according to court papers.

However, it is unclear what impact, if any, the election pact will have on the sale and continued U.S. protections of Citgo. The election is expected to take place in the second half of 2024.

Citgo's parent company is owned by Venezuelan national oil company PDVSA. As part of a long-running courtroom battle, Stark has ruled that Maduro exercises such control over PDVSA that it should be considered a part of the Venezuelan government and its assets open to seizure to pay the country's debts. The U.S. Supreme Court has so far refused Venezuela's requests to get involved in the case.

The Biden administration has in the past indicated it was open to allowing the auction to move forward, but also has encouraged creditors to seek settlements with Venezuela. The opposition, which gained control of Citgo after the U.S. imposed sanctions, has indicated it is willing to negotiate a settlement and has said that Venezuela's ownership of the oil major will be key in rebuilding the country's ravaged economy.

As part of the process leading to the auction, Stark will determine which creditors - who collectively are owed about $23 billion for arbitration awards and bills Venezuela has refused to pay - can be reimbursed from auction proceeds. Citgo's parent has valued the company at about $40 billion, according to news reports.

It is unclear if the creditors will be willing to trust Maduro's government to honor settlement agreements. In March, Citgo reported net income of $2.8 billion in 2022.

The company operates oil refineries in Lake Charles, Louisiana, Corpus Christi, Texas and Lemont, Illinois. It owns 30 refined product terminals with a total storage capacity of 7.8 million bbl, has joint ownership of eight terminals and an equity interest in four terminals. The company's retail network consists of about 4,200 independently owned and operated CITGO-branded sites east of the Rocky Mountains.

The company did not respond to a request for comment on Stark's ruling Thursday.

--Reporting by Steve Cronin

Your Inspection License May be Worth Money

Depending on where you are located, it may be possible to sell your license. Before merely turning it in, contact the association for further information.

DMV Record Retrieval

DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of driver’s license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call (518) 452-4367, (585) 924-4423, (607) 723-1849 or (716) 656-1035

NYVIP **MESSAGE No. 290**

DATE: **October 4th, 2023**

TO: **ALL OPACITY TESTING STATIONS**

FROM: **NYS DEPT. OF MOTOR VEHICLES**

SUBJECT: **INTEGRATED OPACITY APPROVED**

ATTENTION OPACITY TESTING FACILITY

*****PLEASE BRING THIS MESSAGE TO THE ATTENTION OF STATION OWNER**

AND/OR MANAGER***

This message is to inform you that the NYVIP3 integrated opacity inspection equipment has been approved to perform the Diesel Emissions Opacity testing at all properly licensed Official Diesel Emission Inspection Stations.

If you have received your NYVIP3 equipment and your initial shipment of sticker stock, you should begin using the NYVIP3 system immediately.

Stickers stock for NYVIP3 is shipped separately from the equipment

A detailed installation manual is included in your NYVIP3 equipment order and must be followed step by step. You can also visit www.NYVIP3.com to find instructional videos and a list of Common Issues found after assembling the equipment. In addition, Opus is providing setup webinars several times a week. You can find the schedule of these webinars on the www.NYVIP3.com website and navigating to "Resources">"Forms & Downloads">"NYVIP3 Installation Webinar Schedules with Links". Clicking on the link provided will allow you to enter the webinar at the time and date shown.

For additional assistance or if you have any questions, please contact the Opus Help Desk at 1-866-OBD-TEST (623-8378) or email Opus Inspection at NYVIP3Info@Opusinspection.com.

NYVIP MESSAGE No. 291

DATE: **October 12th, 2023**

TO: **ALL NYVIP3 INSPECTION STATIONS**

FROM: **NYS DEPT. OF MOTOR VEHICLES**

SUBJECT: **DIESEL EMISSIONS (OPACITY) APPROVED EQUIPMENT**

ATTENTION OPACITY TESTING FACILITY

*****PLEASE BRING THIS MESSAGE TO THE ATTENTION OF STATION OWNER AND/OR MANAGER*****

The NYS Department of Environmental Conservation (DEC) has approved the use of an integrated NYVIP3 smoke opacity meter to conduct heavy-duty diesel vehicle (HDDV) emissions inspections at Official Diesel Emission Inspection Stations (ODEIS). Please note previous station messages concerning the NYS Heavy-Duty Diesel Inspection and Maintenance (HDDV I/M) program: #269 (10/15/2021), #271 (12/21/2021), #274 (3/2/2022), #278 (5/26/2022), #279 (11/21/2022), #289 (9/19/2023), and #290 (10/4/2023).

New York State regulation, under 6 NYCRR Subpart 217-5, requires DEC to provide public notice when a computerized vehicle inspection system (CVIS) is approved for the annual heavy duty diesel smoke opacity/safety inspections. This Station Message serves as the required public notice. **As such, beginning on December 1, 2023, only NYVIP3 may be used for HDDV I/M opacity inspections conducted at ODEIS.** If you are an ODEIS and currently have the integrated NYVIP3 opacity equipment, you should use NYVIP3 instead of the legacy opacity meters (e.g., Red Mountain, Wager, Bosch).

*****DMV is no longer producing pre-printed inspection certificates. When this year's supply of certificates is depleted, NYVIP3 station printed certificates will be the only source of inspection certificates. *****

Additional information related to HDDV I/M can be found at: www.dec.ny.gov/chemical/8391.html. Questions regarding the HDDV I/M program can be directed to DEC's Heavy-Duty Vehicles Program Section at DAR.Web@dec.ny.gov or (518) 402-8292.

For additional assistance with NYVIP3 equipment orders, please contact the Opus Help Desk at 1-866-OBD-TEST (623-8378) or email Opus Inspection at NYVIP3Info@Opusinspection.com.

Creating EV Safety Protocols

Oct. 19, 2023
Alison Johnson

At each of McNeil's Auto Care's two locations in Utah, a single trained technician is currently assigned to diagnose and repair electric or hybrid electric vehicles.

The system won't change until the businesses have a high enough volume of EVs and HEVs in relation to internal combustion engine (ICE) vehicles. That way, those two designated technicians get enough practice and experience on a regular basis to help keep them safer around high-voltage components.

Whenever an EV or HEV comes into a shop, technicians also take steps to limit access to other employees. They set up bright orange road cones with hazard bars to barricade off their work bays and use lock boxes to store vehicle keys.

"There's a lot of education that needs to be done so that everyone understands the potential for danger and serious injury," says Jake Sorensen, shop manager for McNeil's for the past 16 years. "That's going to be more and more important as the EV market continues to grow."

While ICE vehicles still make up the bulk of work orders at most auto shops, they are gradually losing ground to EVs and HEVs. For technicians and other employees, new or heightened risks include potentially fatal shocks, burns, fires and unexpected vehicle lurches.

In general, shop owners are only in the very early stages of considering protective clauses that might be added to future work agreements. The potential details and phrasing of such clauses also are a question mark, notes Seth Thorson, President of LMV Bavarian, a Minnesota-based automotive service that provides consulting and technical support for technicians.

"Everyone is at the forefront of this," Thorson says. "We have been meeting with employment attorneys, but I personally think it's too early to know what we will or won't need long-term on this."

In the meantime, shop owners, industry leaders and national safety organizations do have plenty of other advice, including:

- Make sure all technicians who work on EVs and HEVs have completed comprehensive training and certification programs so they are aware of the range of possible hazards. Shop owners or managers also should undergo such training to be available to assist with diagnostics and repairs and answer questions as needed.
- Emphasize the importance of reading manufacturers' service information on the specific make, model and year of a vehicle before starting a job. Those manuals will include instructions on how to properly follow safety procedures for a particular vehicle, which can vary based on type. For example, manufacturers have developed different mechanisms for disconnecting high-voltage batteries from a vehicle's main electrical system, as well as color-coding systems to identify high-voltage cables (although those are typically orange or blue). Technicians should never rely on memory as they prepare to address a problem or handle a

vehicle component, and if they aren’t sure about a step, they should consult with a manager.
- Plan out a job in advance. A “figure it out along the way” approach to servicing EVs and HEVs doesn’t work well, because a technician could fail to have the right tools and safety equipment at the ready.
- Eliminate the chance of a vehicle turning on accidentally during a job. Turn off the ignition, move key fobs out of the area and wait at least 15 minutes after a battery has been disconnected to begin work.
- Invest in high-quality insulated tools and personal protective equipment for the shop. On the list: hand tools such as screwdrivers, wrenches, pliers and ratchets; heavy-duty safety gloves, face shields and hard hats; and insulated lifts. Shop owners also can purchase insulated retrieval hooks in case a technician is disabled by an electric shock. Check gloves often to ensure there are no issues such as pin holes, cracks, tears or splits that would allow for direct contact between an electrical charge and the skin.
- Create a facility-specific EV fire response plan. Lithium-ion battery fires can spread much more quickly than an ICE vehicle fire, as well as emit toxic fumes or even cause an explosion. Cover procedures for employees should a fire break out, from evacuation plans to the location of PPE.
- Frequently review and enforce safety protocols. Everyone in a shop—from porters and ICE technicians to front desk and parts department staffers – should understand that they at minimum need to get clear permission before entering a work bay with an EV or HEV present. In most cases, they shouldn’t go into that area at all. Obviously, those same rules apply to customers, including the owner of the electric or hybrid vehicle in a bay.
- Research safe handling and storage of used or damaged lithium-ion batteries. Again, referring to specific manufacturer guidelines is critical. The National Highway Traffic Safety Administration and National Fire Protection Association recommend having a separate facility or zone at least 50 feet away from workspaces, other vehicles and combustible materials. That space should be temperature-controlled with a good ventilation system, as EV batteries need air movement both around and underneath them. In addition, batteries should be kept away from chemicals, electrical sources, water and areas where traffic, forklifts or other vehicles commonly pass. Full-battery replacement may require shipping old batteries in fire-protective containers to a dealership or recycling facility.

“As long as everyone takes safety seriously and follows guidelines, we can protect them,” Sorensen says. “There will be a lot of important conversations that need to happen as we move into the future.”