
This week, AFPM joined API and industry associations representing fuel retailers, gasoline marketers, convenience stores and tank truck carriers to field questions from the media about the ongoing fuel distribution challenges resulting from the Colonial Pipeline shutdown. Many of the reporters we spoke to cover news in the East Coast markets most impacted by the Colonial outage, where people are concerned about the availability of gasoline, the amount of time it might take to get markets back to normal, and the ways fuel delivery can be expedited outside the Colonial pipeline system. With the announcement that Colonial is slowly resuming operations, we are on our way back to normal, but it's going to take some time and we still need other means of delivery to service markets along the Colonial system. Here's some of the information we shared on the press call:

The U.S. is not facing a fuel supply shortage. Delivery, however, is where there is a temporary challenge.

The Colonial Pipeline shutdown hasn't caused a gasoline shortage. In fact, most American refineries are running and we have an abundant supply of fuel in the United States. The current challenge lies in how to get refiners' fuel products to each of the customers and communities normally served by the Colonial system. That reworking is already underway, but it's not helped by drivers "panic buying," "fuel hoarding" or filling up more frequently than they normally would.

Now that Colonial is bringing its system back online, we're hopeful the panic purchasing will stop.

Refiners are continuing to produce fuel.

AFPM member refineries are currently producing gasoline, diesel and jet fuel and are working to find other routes to get that fuel to the markets served by Colonial. Under normal circumstances, U.S. Gulf Coast refineries supply the 2.5 million barrels of fuel products that transit through the Colonial Pipeline each day — and that 2.5 million barrels is 25 percent of the total products produced by U.S. Gulf Coast refineries each day. Colonial supplies about 45 percent of the fuel consumed on the East Coast

A pipeline restart isn't immediate.

When a pipeline is functioning normally, product moves through at a pace of roughly five miles per hour — similar to a jog. But when segments of the pipeline have been sitting idle for days, you don't want to immediately flip the switch and have product move through at regular speeds. A slower pace and incremental checks of the physical pipeline network are all involved in a safe restart. And, of course, that means time.

Refiners have options beyond pipelines to move product to market.

The United States has a diverse and resilient refined products supply chain to continue moving gasoline, diesel and jet fuel in the event of disruptions, like this one. The Colonial Pipeline is a critically important

artery, but it's not the only option available to industry. Fuel delivery can be shifted to over-ground trucking, marine shipping, rail transport, and other pipelines, and into storage, though as we've seen in the past week, the transition is not seamless. It takes time to reroute massive quantities of product and efficiently make deliveries to the more remote or landlocked areas served by the Colonial system.

The additional time and logistics required for delivery adjustments can create a bit of a bottleneck and, if not quickly resolved, that bottleneck could cause Gulf refineries to cut some of their production. Both tank farm and floating storage options are being used to enable run rates to continue, but storage options aren't endless.

The Biden Administration can alleviate delivery bottlenecks by waiving the Jones Act.

The ability to move products using various means provides helpful options in the event of major incidents, but we still need the assistance of regulatory bodies to streamline the switch to other transit options and expedite delivery to landlocked terminals.

President Biden's team has taken some important and helpful steps already to enable more flexibility in fuel distribution, including waiving hour and weight limits for tank truck drivers and seasonal, region-specific gasoline regulations. But more can be done to reinstate some calm and stability in the market.

Granting a Jones Act waiver would open up marine shipping options to move desperately needed fuel from Gulf Coast refineries to the customers normally served by the Colonial Pipeline. The Jones Act restricts movements between U.S. ports to just U.S. flagged, Jones Act-compliant vessels. A waiver would allow fuel to move from our refineries to terminals on the East Coast using foreign-flagged ships as well as Jones Act-compliant ships, increasing the amount of fuel that can be moved and the rate at which fuel can be supplied. We know that Jones Act waivers are being considered on a case-by-case basis, but we urge the President to move forward with granting a temporary blanket waiver to speed up the timeline for relief.

Regional refining capacity is a strategic asset.

There has been a sharp drop in U.S. refining capacity on the East Coast over the past 15 years. While operations continue in New Jersey, Pennsylvania and Delaware, the loss of regional fuel manufacturing has made the entire eastern seaboard more dependent on fuel produced outside the region thousands of miles, and even oceans away, fuel that must be delivered over long distances by pipeline and/or marine vessel. If any of the remaining East Coast refineries were not currently online, the impact of the Colonial shutdown would likely be significantly worse.

Fuel is on the way.

While it may feel like a shortage to consumers encountering sold-out gas stations, the United States isn't running out of gasoline, and every facet of the fuel industry is collaborating to get gasoline, diesel and jet fuel to consumers as quickly as possible. Higher-than-normal gas prices may reflect a number of factors – including the increases in the price of oil and increased distribution costs (pipelines are one of the most cost-effective ways to transport gasoline and other fuels) – but if price inflation is suspected, consumers should contact their local attorney general.

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