

HPMA News Fall 2017

As we say in Hawaii, Aloha!

I'm honored to be the incoming president of the Hawaii Petroleum Marketers Association. I would like to thank our outgoing president, Aloha Petroleum CEO Richard Parry, for his stewardship during the past two years, and for his friendship over the many years we've known each other. I would also like to thank the HPMA membership and the WPMA for your confidence in me to lead the Hawaii organization for the next two years.

As cliché as it is, "*change is our only constant*" still seems to be an appropriate summary of the Hawaii market. And I believe, for the most part, the change is positive for consumers.

Evolving Landscape

A mere four years ago, there was widespread skepticism among industry observers and energy experts that Hawaii could retain both of its oil refineries by the year 2020 due to tightening emissions regulations and inroads being made by renewable energy production. The protracted sale and temporary closing of Tesoro's Hawaii refinery spurred then-Governor Neil Abercrombie to form a Hawaii Refinery Task Force charged with making recommendations to his administration about what to expect if one or both refineries were to close.

Not only did the sale of Tesoro's Hawaii assets to Par Petroleum go through, the parent of Par Hawaii began investing in the business, demonstrated by the acquisition of Mid Pac Petroleum to fortify its Hawaii retail portfolio. Furthermore, the sale of the former Chevron Hawaii refinery, retail stations and distribution assets to One Rock Capital was completed last year. While the state continues to be committed to an aggressive march toward renewables, including attempts this last legislative session to mandate that all ground transportation fuels be renewable by 2045 (already the deadline for the electric utilities), at least for the foreseeable future, liquid fuels are likely to remain Hawaii's primary source of energy.

Today, retail competition in Hawaii is robust. That amounts to more choices for consumers. For example, Dunkin' Donuts is re-entering the Hawaii marketplace under an eight-year development agreement with master franchisee Aloha Petroleum Ltd. The fuel retailer is committed to building a total of 15 stores on Oahu, Maui, Hawaii Island and possibly on Kauai under its agreement with Dunkin' Brands Group. Aloha has already opened its first store near the Daniel K. Inouye International Airport on Oahu with a second store slated to open this fall in the West Oahu community of Kapolei.

Fuel brands are also evolving. With the acquisition of Chevron's Hawaii assets now in the history books, the familiar blue, red and white signage that has adorned street corners in Hawaii for decades is changing to Texaco under an agreement with the new operator, Island Energy Services, LLC. As previously noted in *WPMA News*, Par Hawaii is retiring the Tesoro brand in the Islands. Replacing it are the new fuel brand named Hele (pronounced *he leh*), which means "to go" in Hawaiian, and the familiar 76 name which will also be going through a facelift in its branding. With stations featuring fresh, new facades and offerings, Island consumers are being treated to new buying experiences across the state.

In the next issue, I plan to share insights on the upcoming 2018 Hawaii Legislature, and potential implications of the leadership changes that abruptly coincided with the adjournment of this year's session. In the meantime, all of us at the HPMA are pleased that we will be hosting the WPMA Board Meeting on **October 2 – 4, 2017** at the Wailea Beach Resort by Marriott on the island of Maui. We look forward to sharing our island hospitality with you.