

DITCH THE DOE

Market-based fuel reimbursements reduce the fuel cost, consumption, and emissions, saving shippers millions.



ELIMINATE DISTORTION WITH FUEL RECOVERY

Historically, the transportation industry has lacked an accurate way to calculate fuel consumption per shipment and the price of fuel along a specific lane on a given date. Most shippers rely on the Department of Energy's (DOE) index-based fuel surcharge to calculate a fuel reimbursement. But using this weekly average leads to distorted fuel costs – especially in today's volatile energy market.

Shippers can eliminate these distortions by implementing a market-based fuel reimbursement program. Fuel Recovery delivers lane-level visibility into your transportation network, to reduce the cost, consumption, and emissions. On average, market-based fuel reimbursements **reduce truckload fuel spend by 20% over your previous fuel program.**



PRICE



TIME



TAX



GEOGRAPHY

PRICE

Fuel reimbursements should be fair and accurate between shippers and carriers. To gain transparency, shippers should reimburse carriers at the same price at which their carriers procure fuel. And while the DOE provides a once-weekly, single national price based on a sample of less than 10% of all national fuel stations, most well-managed carriers procure fuel at wholesale pricing.

DOE & Wholesale Diesel Prices and DOE-Wholesale Spread | December 2017 – December 2022



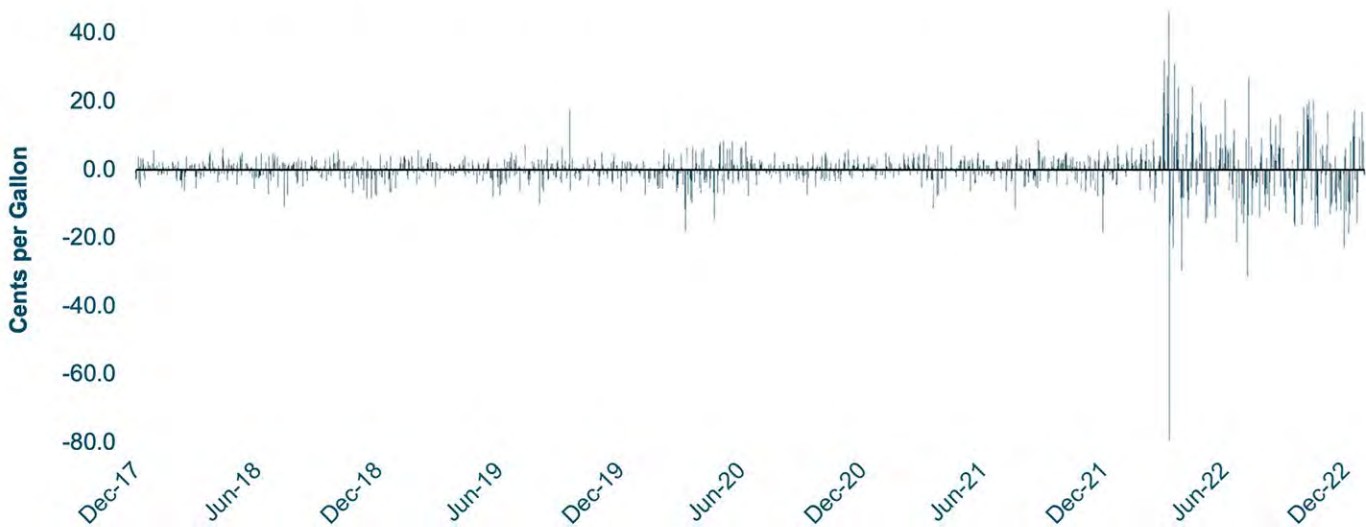
The chart above illustrates the spread between DOE retail and the national wholesale average, exemplifying the value of a market-based fuel reimbursement program. The spread between wholesale and retail prices has at times reached over one dollar per gallon, but on average is around 40 cents per gallon which translates to million dollar savings opportunities.

Breakthrough Fuel Recovery aligns to the true fuel cost. By considering the fuel efficiency of the carrier and the real market fuel prices along lanes, the program takes a strategic approach to transportation management.

TIME

Diesel prices fluctuate daily and are one of the most volatile cost inputs affecting the transportation industry. When shippers use the DOE index to calculate their fuel reimbursements, they miss drastic price swings that occur throughout the week, resulting in overpayment.

Daily U.S. Wholesale Diesel Price Volatility | December 2017 – December 2022

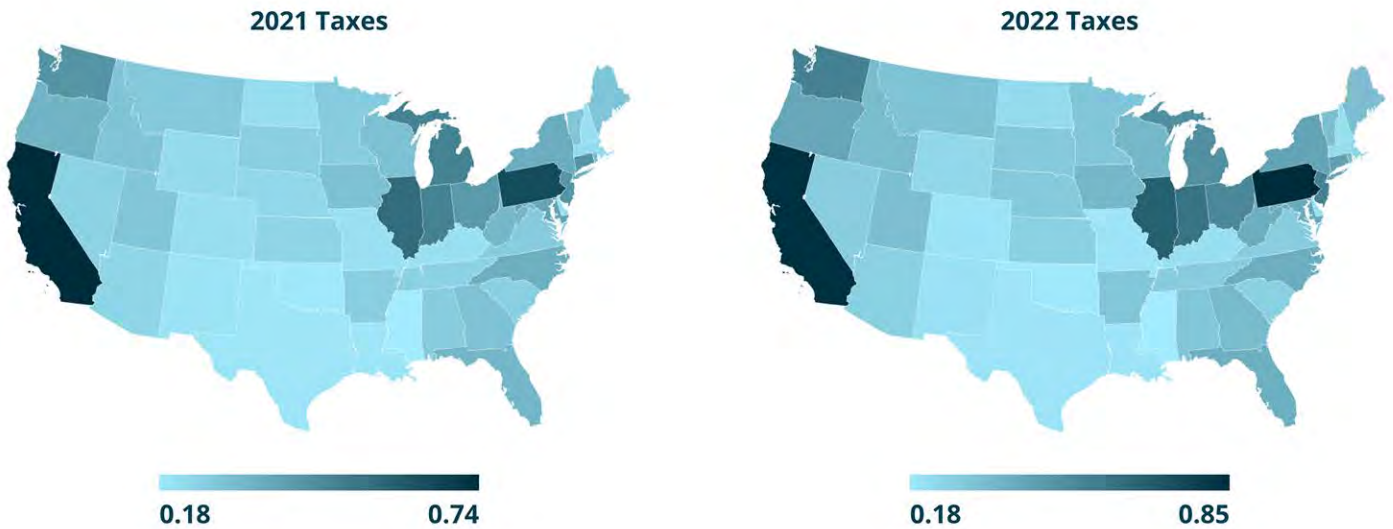


The chart above shows the magnitude of wholesale diesel market price changes that occurred between the DOE's weekly retail diesel fuel price index. In 2022, price swings over 10¢ per gallon occurred 79 times, compared to just 12 times in the previous 10 years.

A weekly index is fundamentally incapable of accounting for these daily fluctuations, and as a result, shippers are leaving large sums of money on the table. Shippers using a market-based fuel reimbursement program can create a competitive advantage in their supply chains by accounting for these daily fluctuations.

TAX

State over-the-road tax differentials can create discrepancies of more than 60¢ per gallon between different parts of the U.S. Carriers pay for taxes based on where they consume gallons, not where they purchase them. When shippers reimburse on a national level, the discrepancies missed at the lane level end up costing them extra.



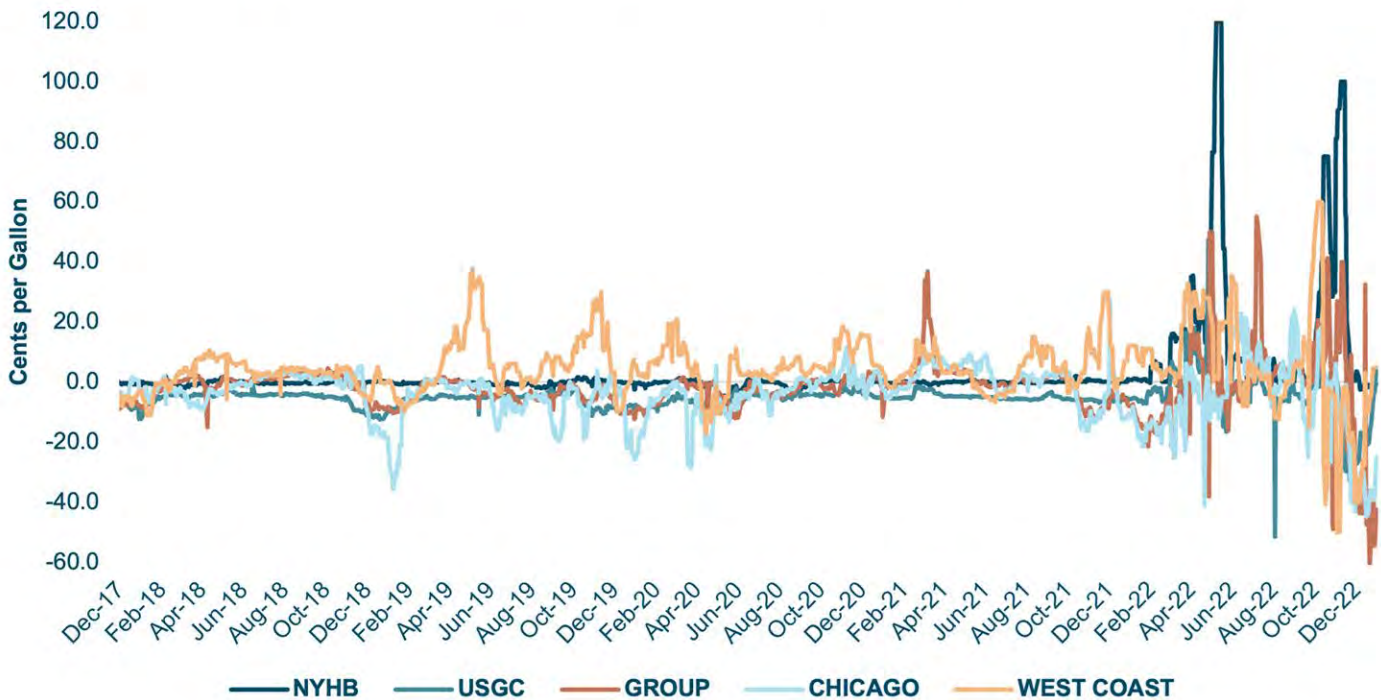
Tax values change regularly as state laws are updated. The maps above indicate the value of each state's diesel tax in 2004 and in 2021, illustrating fuel prices are greatly influenced by tax rates across the country.

Shippers should pay the exact amount incurred by the movement of their goods. Taking a market-based approach accurately accounts for the state's diesel tax for a fair fuel reimbursement.

GEOGRAPHY

The price of diesel fuel varies across the country. The DOE Index’s one-time, weekly national average doesn’t reflect the reality of fuel procurement as diesel prices vary at every station along a route across the country. Even before taxes and final distribution costs are applied, diesel commodity costs can vary substantially from one location to the next.

Regional Diesel Spot Market Price Volatility | December 2017 – December 2022



The chart above shows price differentials in each of the five major U.S. spot markets where diesel is traded as a commodity. Understanding the drivers and changes in local commodity prices is crucial to creating a reimbursement program that reflects the actual fuel cost incurred by carriers.

Common drivers of regional volatility include refinery maintenance mishaps and weather events. A shipper’s cost exposure also relies heavily on their geographic footprint. A market-based fuel reimbursement strategy accounts for the difference in regional pricing to remove the geographic distortion found in an index-based approach.



DISCOVER THE VALUE OF A MARKET-BASED APPROACH

A market-based approach has clear advantages over the distorted DOE Index that shippers have historically used to calculate a fuel surcharge. With Breakthrough's Fuel Recovery solution, shippers can be confident they are paying the true cost of fuel on every movement, every day.

On average, shippers using Fuel Recovery achieved a 20% reduction in truckload fuel spend and 60% reduction in intermodal fuel spend. In 2022, the national average spread between retail and wholesale price points was 57.4 cents per gallon.

But the value of a market-based approach extends beyond the bottom-line. Fuel Recovery clients leveraged more accurate fuel consumption metrics and transparency into their baseline program realities to collectively eliminate 27 million gallons of diesel fuel from their supply chains and reducing 281,000+ MT of emissions from their over-the-road transportation networks through efficiency gains in 2022. This is the equivalent of taking over 1,700 heavy-duty trucks off the road annually.

FUEL RECOVERY CLIENTS BENEFIT FROM

TRANSPARENT STRATEGIES

Get direct line-of-sight into fair-market fuel reimbursements based on actual movements to ensure both shippers and carriers are made whole.

REDUCED COSTS

The accuracy created by market-based fuel reimbursements reduces transportation costs by 20% on average compared to shippers' previous fuel programs.

ACCURATE REPORTING


Clear visibility to your network's true baseline fuel consumption creates a clear path to facilitate emissions reduction and network optimization initiatives.

**TAKE THE FIRST STEP IN MANAGING YOUR TRANSPORTATION
ENERGY SPEND WITH A MARKET-BASED APPROACH.**

ABOUT BREAKTHROUGH

Breakthrough provides innovative transportation technology solutions and market insights to the world's most reputable household brands. Since 2004, we have boldly challenged the legacy practices adhered to by the \$700 billion transportation industry. Using our cutting-edge technology and industry expertise, we create transportation strategies that ensure the efficient movement of goods, reduce cost, and establish stable networks. By providing an unbiased industry view, we cultivate deep trust with our clients and respect throughout the wider shipper community.

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