

August 28, 2017

The Honorable Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Request to Expand Scope and Coverage of Hurricane Harvey Fuel Waiver

Dear Administrator Pruitt:

We are writing to request that the U.S. Environmental Protection Agency (EPA) take immediate action to expand the scope and geographic coverage of the Texas fuel waiver issued August 26, 2017, in response to the national fuel supply emergency caused by Hurricane Harvey.¹ While EPA's August 26 waiver of certain reformulated gasoline (RFG) and Reid Vapor Pressure (RVP) requirements was a welcome step, it is not delivering meaningful relief from escalating gasoline prices in Texas and across the rest of the country.²

Specifically, we are asking that EPA use its authority to relax the Reid Vapor Pressure (RVP) limits to 10.0 pounds per square inch (psi) for *all* finished gasoline blended with ethanol in conventional and reformulated gasoline areas nationwide through September 15, 2017. In effect, this could be achieved by specifying that gasoline containing up to 15 percent ethanol by volume qualifies for the "special provisions for alcohol blends" found in 40 C.F.R. 80.27(d) (i.e., the 1.0 psi "waiver" for 9-10 percent ethanol blends).

In the days since EPA issued the August 26 fuel waiver, market conditions have worsened and supply shortages are expected to be more severe than previously thought. Gasoline futures prices have surged nearly 10 percent since August 24, 2017, the day before Hurricane Harvey made landfall.³ It is being broadly reported that at least 10 percent of the nation's refining capacity has been shuttered as a result of the hurricane, and analysts now expect further price surges in the wake of hurricane-related refinery and terminal outages.⁴ In addition, both offshore and onshore drilling rigs have been idled, leading to lower crude oil production and tighter supplies for refineries in the weeks ahead.

Because gasoline markets are highly fungible and national in scope, the effects of the hurricane on consumer fuel prices will not be limited to Texas. According to the *Washington Post*, the refinery,

¹ The Honorable E. Scott Pruitt letter to the Honorable Greg Abbot, Governor of Texas. Re: Texas Fuel Waiver Request (Corrected). August 26, 2017. <https://www.epa.gov/sites/production/files/2017-08/documents/expandedtexasfuelswaiver2017.pdf>

² AAA. "NEWS: Harvey Drives up Gas Prices Nationwide." August 28, 2017. <http://gasprices.aaa.com/>

³ CME Group. "RBOB Gasoline Futures Quotes." <http://www.cmegroup.com/trading/energy/refined-products/rbob-gasoline.html>. August 28, 2017 (8:32 a.m. EDT)

⁴ Steven Mufson. "How Hurricane Harvey Will Impact Prices at the Pump." *The Washington Post*. August 27, 2017.

pipeline, and terminal outages caused by the hurricane “...might not only raise prices and create temporary shortages in the Gulf Coast area but could also boost prices in places as far away as the Northeast...”⁵

The action we are requesting would significantly enhance flexibility for blenders and refiners and help alleviate the logistical challenges and shortfalls that are causing gas prices to spike. Relaxing RVP requirements to 10.0 psi nationwide would immediately allow gasoline blenders to produce fuel that complies with EPA regulations using any available gasoline blendstock on the market. It would also immediately allow blenders to use up to 15 percent ethanol by volume in all finished gasoline in all areas of the country, proving a badly needed source of additional supply and helping to offset gasoline shortfalls resulting from refinery and terminal outages.

While the waiver issued August 26, 2017, allows gasoline with less than 9 percent ethanol by volume to qualify for the “special provisions for alcohol blends” requirement (i.e., the 1 psi waiver for E10), it did not allow blends containing up to 15 percent to qualify for the provision. Extending this temporary waiver to 15 percent ethanol blends would greatly assist in alleviating current price spikes and supply crunches.

EPA has taken similar actions in the past to provide immediate relief to gasoline markets in the wake of natural disasters. We urge the Agency to act immediately on this request to help alleviate the economic impacts of Hurricane Harvey on American consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Dinneen", with a stylized flourish at the end.

Bob Dinneen
President & CEO

⁵ *Id.*