September 5, 2014

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

Dear Administrator McCarthy,

The U.S. Environmental Protection Agency’s (EPA) disparate fuel volatility regulations continue to stifle the commercial adoption of 15% ethanol blends (E15) in the U.S. motor fuels market. EPA’s failure to put E15 and E10 on equal footing with regard to volatility requirements has been a substantial roadblock to broader introduction of E15. Thus, despite compelling economic and environmental justifications for increasing the retail availability of E15, market penetration remains extremely low two years after the first gallon of E15 was sold commercially.

The Renewable Fuels Association (RFA) has raised this issue repeatedly with EPA, including two letters to former Administrator Lisa Jackson in 2010 and 2012. We are again requesting that the Agency reconsider its position on this important issue and take immediate regulatory action to remove this unnecessary barrier to E15 adoption.

Retailers who have chosen not to offer E15 consistently cite EPA’s unbalanced application of the 1 psi Reid Vapor Pressure (RVP) volatility waiver as the primary factor in their decision. Retail gas stations choosing to offer E15 are faced with a hopeless decision every spring: stop selling E15 during the summer volatility control season, or secure the appropriate low-RVP gasoline blendstock. For most retailers, neither of these options are acceptable business decisions. On one hand, it is impractical, burdensome, and often uneconomical for a retailer to offer E15 for only part of the year. On the other hand, it is cost prohibitive for retailers outside of reformulated gasoline (RFG) areas to source appropriate gasoline blendstock during the summer.

As indicated in our prior correspondence with the Agency, we believe EPA should be consistent in its treatment of RVP requirements for all ethanol blends up to, and including, E15. EPA’s initial decision to grant the 1 psi waiver to E10 blends was based on two fundamental findings: 1) that supplies of low-RVP gasoline blendstock for E10 blending were insufficient (i.e., insufficient blendstock that would allow the RVP of finished E10 to fall under the 9 psi cap for gasoline), and

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2) that the evaporative emissions resulting from the increased volatility of E10 were more than offset by the fuel’s reduced carbon monoxide and exhaust hydrocarbon emissions. Analyses that we have submitted to EPA demonstrate that the vapor pressure of E15 is the same or lower than for E10. Further, there is evidence that E15 provides greater reductions in carbon monoxide and exhaust hydrocarbon emissions than E10. In addition, supplies of low-RVP gasoline blendstock to accommodate broad E15 blending (i.e., without a 1 psi waiver) are insufficient. Thus, the same two findings that led EPA to issue the 1 psi waiver for E10 also apply to the current situation with E15. As such, if the 1 psi waiver continues to apply to E10, there is no logical reason that it should not also be applied to E15. Indeed, as the National Renewable Energy Laboratory found, “…with respect to the regulation of gasoline vapor pressure for the summer ozone season, there is no technical reason for treating E10 differently from E15.”

Nonetheless, EPA has apparently questioned whether it has authority to allow for a 1 psi waiver for gasoline containing greater than 10% ethanol. It should be noted that the statute does not explicitly address blends greater than 10% ethanol in light of the minimum oxygenate requirements in Sections 211(k) and (o) of the Clean Air Act. Still, as an alternative to extending the 1 psi waiver to E15, EPA could instead universally discontinue the 1 psi waiver for E10.

The bottom line is that E10 and E15 should be treated consistently in the marketplace with regard to RVP. This is a critical issue in the near term. Slow market adoption of E15 has unnecessarily complicated compliance with the Renewable Fuel Standard (RFS) and led the Agency to embrace the oil industry’s “blend wall” concept in the proposed rule for 2014 Renewable Volume Obligations.

In closing, we again urge you to reconsider the Agency’s current approach to regulating volatility for E10 and E15 blends. There is simply no sound technical justification, no air quality benefit, and no economic rationale for denying equal RVP treatment for E15 and E10. We respectfully ask that EPA move swiftly to rectify this market-distorting disparity. Thank you for your consideration and we look forward to working with EPA on a constructive resolution to this important issue.

Sincerely,

Bob Dinneen
President & CEO

Cc: Chris Grundler, Director, Office of Transportation and Air Quality

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2 The NREL memo was provided to EPA as an attachment to our 2012 letter.