May 14, 2010

The Honorable Lisa P. Jackson
Administrator
U.S. Environmental Protection Agency
Mail Code 1101A
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Jackson:

As the U.S. Environmental Protection Agency (EPA) moves to complete its evaluation of the E15 waiver request, the Renewable Fuels Association (RFA) wants to bring to your attention an important aspect of the issue that needs to be addressed – the 1 psi Reid Vapor Pressure (RVP) volatility tolerance that enables ethanol to be blended into conventional gasoline without requiring marketers to secure specially-tailored sub-RVP gasoline blendstock. 42 U.S.C. § 7545(h)(4). Currently, that volatility tolerance is only allowed for ethanol blends up to 10%. If the EPA does not extend the volatility tolerance to ethanol blends up to 15%, gasoline marketers may not be able to secure appropriate blendstock, particularly if their only source of supply is major integrated oil companies that may see a competitive advantage to denying them the specially-tailored fuel. We strongly urge the Agency to extend the 1 psi volatility waiver to E15.

We believe there is ample justification for providing the volatility waiver to higher ethanol blends. First, when the EPA initially provided the waiver to 10% ethanol blends, it did so only after exhaustive ozone air quality modeling that concluded the significant reductions in carbon monoxide (CO) and exhaust hydrocarbons more than compensated for increased evaporative emissions resulting from the increased volatility. Second, since the introduction of Stage 2 vapor recovery and with the increased recognition of the importance of CO reductions in preventing ozone formation, the conclusion that the increased volatility from ethanol blends will not result in ozone formation is even more compelling and the waiver is even more justified today than it was in 1989. Indeed, CO is a major ozone precursor (National Academy, 1999) and studies have shown that CO can be equivalent to 25 to 50 percent of the mobile-related contribution from VOC. Finally, it is important to note that while evaporative emissions
are not impacted by increased ethanol content; the reductions in exhaust emissions are indeed greater with E15 than with E10, further demonstrating the air quality efficacy of extending the volatility waiver to higher blends.

This information has since been validated through scientific studies. In 2005, the AVL MTC Tech Centre in Sweden completed a study that found lower total hydrocarbon emissions and lower evaporative emissions from E15 than from E10 and E5. In 2006, the Coordinating Research Council published a report showing no statistically significant increase in permeation emissions between E10 and E20. As additional evaporative controls are put in place as fleets turn over, the benefits of higher ethanol blends will only increase relative to conventional gasoline and even E10.

It is our understanding that the EPA has questioned whether it has authority to allow for a 1 psi (or other RVP waiver) for gasoline containing greater than 10 percent ethanol. The statute does not explicitly address blends greater than 10 percent ethanol in light of the minimum oxygenate requirements in Sections 211(k) and (o) of the Clean Air Act. As you are aware, however, the codification of the RVP allowance for ethanol blends was based on the EPA’s proposed allowance before the 1990 Amendments. Clearly, Congress did not intend to penalize ethanol blends, as failing to allow for the 1 psi waiver would do in the case of blends greater than 10 percent.

To the extent that the EPA elects not to provide a 1 psi RVP waiver for E15 directly, the EPA should in the alternative conduct a rulemaking under Section 211(h) of the Act to address the volatility of blendstocks. Such a rule would provide that all gasoline blendstock be limited in RVP sufficient to allow for blending with 15% ethanol while still achieving the regulatory RVP limits for fuel (E15) sold at the pump. In so doing, the EPA can ensure that a viable blendstock of E15 gasoline will be available and can maintain consistency with the RVP limits in the Act. There would be no need for an RVP waiver since the EPA would still require that the RVP for fuel sold at the pump is limited to no more than 9.0 psi (or, where required, 7.8 psi). 42 U.S.C. §7411(h). This approach would also be consistent with EPA’s approach in the Section 211(k) rulemaking for reformulated gasoline (RFG) in the 1990s, in which the EPA created the reformulated gasoline blendstock for oxygenate blending (RBOB) petroleum product category and specified its characteristics to allow for oxygenate blending. In sum, the EPA should exercise its authority under the statute to ensure that compliance with the fuel RVP limit

of 9.0 is achieved by issuing regulations to restrict the volatility of the blendstocks that would be added to ethanol to create E15.

Given the benefits of ethanol from an air quality perspective and in light of Congress’ dictates in the RFS to reduce dependence on oil and expand renewable fuels, it is important for the Agency to take the regulatory action necessary to allow for higher ethanol blends to reach the marketplace. The RFA stands ready to work with you and your staff as you undertake these efforts. Please contact me at 202-289-3835 with any questions regarding this letter.

Sincerely,

Bob Dinneen
President & CEO