



**American
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The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

**RE: Request to Delay the Effective Date to Implement a Request from States for
Removal of Gasoline Volatility Waiver**

Dear Administrator Regan:

EPA proposed to implement a request from Midwest governors to reduce gasoline volatility standards in eight states.¹ Comments provided by the American Fuel & Petrochemical Manufacturers (“AFPM”) and other stakeholders in the fuel supply system cautioned EPA of the insufficient supply of gasoline that would result if the rule was made effective before necessary investments have been made in the refinery and distribution systems.² We write to express our ongoing concern that removing the 1.0 psi E10 gasoline volatility waiver in 2024 would create an insufficient supply of gasoline across the petitioning states, and in other areas utilizing the same fuel supply infrastructure. Therefore, AFPM requests that EPA’s final rule include an effective date beyond the 2024 summer season.

AFPM strongly opposes efforts to require a boutique gasoline blend in certain Midwest states.³ Promulgation of a final rule would impose significant costs on refiners, pipelines, and terminals, resulting in negative economic impacts on the Midwest region and its consumers. A study by Baker & O’Brien found that eliminating the 1.0 psi waiver will reduce Midwest fuel production, put the region at greater risk of supply shortages, and could cost the Midwest \$500 to \$800 million in the first summer alone.⁴ The study also found that refiners and pipelines cannot readily produce and segregate high and low RVP gasolines and adequate lead time is necessary.⁵

¹ 88 Federal Register 13,758 (March 6, 2023).

² See Comment submitted by AFPM. Docket ID: EPA-HQ-OAR-2022-0513-0077, posted May 22, 2023; see *also* October 14 2022 Letter from AFPM. Docket ID: EPA-HQ-OAR-2022-0513-0010, posted March 6, 2023.

³ The following eight states have requested that EPA eliminate the E10 volatility waiver: Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

⁴ Baker & O’Brien, Inc. *Midwest States Gasoline RVP – 1 psi Waiver Study*. February 24, 2023

⁵ *Ibid.*



EPA's proposal acknowledges the inadequacy of existing infrastructure and notes that additional storage capacity takes two or more years to complete.⁶ Capital investment decisions necessary to implement the proposal will be made against the backdrop of legislative efforts to negate the pending petitions, along with uncertainties regarding timing of a final rule and the rule's effective date.

EPA has authorities to address fuel supply issues,⁷ including limited authority to respond to extreme and unusual circumstances that cannot reasonably be foreseen.⁸ However, the insufficient gasoline supply that would result from promulgating a final rule effective in 2024 is well understood and EPA should reserve its temporary waiver authority for genuinely extreme or unusual fuel and fuel additive supply circumstances.

AFPM supports a level market playing field for competing fuels, and market and regulatory certainty. A comprehensive legislative solution is needed to realign both the RFS program volumes and the statutory provision providing the 1.0 psi vapor pressure waiver with current market realities. Delaying the effective date of the proposed gasoline vapor pressure reduction would mitigate the risk of supply inadequacy to the Midwest and provide policymakers the opportunity to consider other alternatives to achieve their policy goals.

Sincerely,

Patrick Kelly
Senior Director, Fuels & Vehicle Policy
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cc:

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⁶ See 88 Federal Register 13,764 (March 6, 2023). *"The time needed to plan, design, permit, and construct additional tankage is typically on the order of two or more years."*

⁷ See 88 Federal Register 13,762, March 6, 2023.

⁸ CAA section 211(c)(4)(C)(ii)