Fuel Waiver Questions and Answers

Sept. 2, 2005

- What is EPA doing?
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- What is "volatility controlled" gasoline?
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- How will higher volatility gasoline help the situation?
- What clean fuel standards are not being waived and remain in place?
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- If a state has federally approved State Implementation Plan (SIP) requirements that require gasoline RVP of 7.8 psi or less, does the Administrator's waiver letter of Aug. 31, 2005, relieve those requirements?
- The waiver states:
  "To the extent practicable, regulated parties must take all reasonable steps to distribute and sell on-hand inventories of gasoline and diesel fuel that would otherwise meet applicable Federal standards. Thus, regulated parties that distribute and sell gasoline or diesel fuel must use fuel that would meet these standards and that is available before using any fuel covered under this waiver."
  What does this language mean?
- Will using high-sulfur diesel fuel harm engines?
- Why did EPA waive additional fuel requirements in the Atlanta area on Sept. 1?

Q. What is EPA doing?

A. We are moving forward by two weeks the date on which fuel providers can sell winter fuel. We are also temporarily relaxing requirements for sulfur content in diesel fuel.

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Q. What fuel standards are being waived?

A. Fuel providers must first sell gasoline and diesel fuel that has already been produced and complies with all clean fuel requirements. After those stocks have been depleted, diesel fuel that has a sulfur content of greater than 500 ppm (the current standard) can be distributed until Sept. 15. Likewise, after all existing stocks of gasoline with low volatility have been distributed, gasoline that is not "volatility controlled" may be sold. After Sept. 15, wholesalers and retail outlets may continue to sell or dispense on-hand stocks of high-sulfur diesel fuel.

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Q. What is "volatility controlled" gasoline?

A. Volatility is the tendency of liquid gasoline to evaporate and become a gas. This can occur at warm

summertime temperatures. Because evaporated gasoline contributes to smog formation, there are volatility limits placed on all gasoline sold in the United States. These limits apply only during summer months, generally between June 1 and Sept. 15. The standards are expressed in terms of Reid Vapor Pressure (RVP), the technical measure of gasoline's tendency to evaporate. Under the waiver, the volatility standards that would normally apply until Sept. 15, two weeks from the waiver date, have been removed.

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Q. Why is this necessary?

A. This extraordinary natural disaster in the Gulf of Mexico has damaged refineries and pipelines that supply much of the nation. We want to do everything possible to ensure that fuel supplies are adequate.

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Q. Why the whole country?

A. We want to minimize the potential for supply disruption and create the greatest flexibility possible for the fuel distribution system to respond to this disaster.

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Q. Will this affect air quality and cause adverse health effects?

A. We believe this action will have minimal impact due to the short duration of the waiver. On Sept. 15, the winter fuel regulations would have taken effect. The year-round sulfur controls for diesel fuel are also only relaxed for a short period of time.

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Q. What happens after Sept. 15?

A. We will continue to evaluate the situation and obtain information on the nation's fuel supply. We will take further action as warranted and as allowed by the Clean Air Act.

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Q. How will this affect imported fuel?

A. Fuel imported into the country must continue to meet the same requirements as domestically produced fuel. Today's action will not allow otherwise illegal gas, such as leaded gasoline, to be imported into the United States.

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Q. How will usage of high-sulfur diesel fuel help the current situation?

A. As a result of disruption to the fuel distribution system, there may be instances where low-sulfur diesel fuel is not readily available to use in trucks that may, for example, be needed to transport relief materials to the Gulf Coast. Under the waiver, high-sulfur (i.e., greater than 500 ppm) diesel fuel that previously could only be used in off-road applications, such as construction or farm equipment may now be used in highway diesel trucks. Two-thirds of the diesel supply, 2.7 million barrels per day, is utilized for on-highway vehicles. One-third of total diesel, 1.3 million barrels per day, is used for non-highway equipment, such as construction and farm equipment. The waiver allows for the use of these fuels interchangeably, allowing an increase in the amount of diesel fuel available for on-highway use.

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Q. How will higher volatility gasoline help the situation?

A. Certain components of gasoline cause it to be more volatile at high temperatures. One example is butane. Because of existing gasoline volatility standards, refiners do not add those components to gasoline in the summer months. Under this waiver, refiners will be able to produce "winter grade" higher volatility gasoline two weeks earlier than in other years. Allowing the use of these higher-volatility components can potentially increase the volume of gasoline produced by refiners.

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Q. What clean fuel standards are not being waived and remain in place?

A. The ban on the use of leaded gasoline anywhere in the United States remains in effect. Other controls on the toxic components of gasoline remain in place. The reformulated gasoline (RFG) requirements remain in effect except the summertime volatility controls on RFG will be lifted for the remainder of the summer season (until Sept. 15).

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Q. Will this waiver affect the ultra-low sulfur diesel fuel program scheduled to go into effect next year?

A. No, EPA does not anticipate that this temporary waiver will have any adverse impact on the ultra-low sulfur (15 ppm) requirement for highway diesel fuel scheduled to begin a phase-in period in the late spring of 2006.

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Q. If a state has federally approved State Implementation Plan (SIP) requirements that require gasoline RVP of 7.8 psi or less, does the Administrator's waiver letter of Aug. 31, 2005, relieve those requirements?

A. EPA interprets the Aug. 31, 2005 waiver to include federally approved SIP RVP requirements. However, individual states must also grant relief from their SIP requirements in order to prevent state law violations.

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Q. The waiver states:

"To the extent practicable, regulated parties must take all reasonable steps to distribute and sell on-hand inventories of gasoline and diesel fuel that would otherwise meet applicable Federal standards. Thus, regulated parties that distribute and sell gasoline or diesel fuel must use fuel that would meet these standards and that is available before using any fuel covered under this waiver."

What does this language mean?

A. The intent of this paragraph is to require *distributors* and *retailers* to use available fuel that would otherwise meet federal standards prior to using higher RVP gasoline and/or higher sulfur diesel fuel permitted under the waiver. However, this section does *not* require refiners or importers to limit their gasoline or diesel production in order to supply fuel that would otherwise meet federal RVP standards or low-sulfur diesel.

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Q. Will using high-sulfur diesel fuel harm engines?

A. Allowing fuel with higher sulfur content for a limited period will have little, if any, adverse impact on diesel engines. Prolonged exposure to higher sulfur fuel would very likely have adverse impacts on engine

durability.

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Q: Why did EPA waive additional fuel requirements in the Atlanta area on Sept. 1?

A. Under state law, Georgia requires a clean-burning gasoline to be sold in the Atlanta area that has a unique sulfur standard that is more stringent than federal gasoline requirements. Since Georgia includes this sulfur limit in its state implementation plan to control air pollution, the requirement is also federally enforceable. Refinery and fuel delivery problems caused by Hurricane Katrina on the Gulf Coast have curtailed supplies of the low-sulfur gasoline required in this area, resulting in a localized fuel shortage. Therefore, the State of Georgia has temporarily waived the state sulfur requirement and has requested that EPA also waive federal enforcement. On Sept. 1, 2005, EPA granted the state's request. Under the Georgia-specific waiver, regulated parties are temporarily allowed to produce, import, distribute and sell gasoline that does not comply with Georgia's federally approved state implementation plan, which covers a 45-county area. This waiver also will be in effect through midnight September 15. Retail outlets or wholesale purchase consumers who receive gasoline under the waiver may continue selling it or dispensing it until their supplies are depleted.

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