

## Focus on Fuels

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Not many people would argue that environmental regulations have not had a positive impact on the quality of life in the U.S. The real question is, "Has the cost/benefit ratio been appropriate?" I have to admit, that I don't know because the criteria is quite subjective and one person's "appropriate" may be another person's "inappropriate." The ultimate conclusions can only be answered in a historical context many years in the future. I know that I'd rather breathe the air in an urban environment in the U.S. compared with the air in a city that has not adopted environmental controls. I am also happy to see the recovery of various U.S. waterways as pollutants have been removed.

However, any set of regulations as complex as the federal and state regulations in the U.S. have areas that are outdated, inefficient or plain wrong. One of those areas is the federal regulations related to transportation fuels. Many of these rules are relatively new, having been promulgated over the last twenty years. At times, part of the regulatory process has been to promulgate rules that require review to see if they need to be revised. Three opportunities to simplify the regulations are considered below.

### TM&C Services in Fuel Regulations

TM&C provides a full range of services in its fuels regulatory practice. Some of these services are listed below.

- Preparing, reviewing and submitting fuels reports, including CDX submissions.
- Facility audits for compliance with fuels programs.
- Interaction with EPA to pose fuels-related questions.
- Industry specialist assistance for required gasoline attestations.
- Industry specialist

### EPA Should Reconsider 3 Fuels Regulations

*by Tom Hogan*

#### **Winter Time RFG**

It could be time to eliminate reformulated gasoline (RFG) for use in the winter time. RFG was originally designed in 1994 to reduce emissions in certain areas that did not meet the National Ambient Air Quality Standards. The program included flexibilities for refiners to modify certain gasoline properties to reduce emissions based on a "complex model." This model calculated toxic emissions (TOX), nitrogen oxide (NOx) emissions and volatile organic compound (VOC) emissions. Each of these calculated emissions had a specific gasoline property that was the primary driver in increasing or decreasing the emissions. Sulfur was the big actor in NOx,

assistance for in-line blending audits.

- Assistance in setting up a fuels compliance group/program.
- Personnel reviews of compliance-related groups.
- Compliance status reviews and recommendations.
- Negotiations/consultation during EPA enforcement actions.
- 3rd-Party Engineering reviews.
- Due diligence reviews of facilities and companies in RFS RINs Program.

benzene was the primary driver in TOX and RVP had the biggest influence on VOC.

The EPA subsequently limited the sulfur and benzene in both RFG and conventional gasoline which removed the need to calculate NOx and TOX. Also, VOC emissions are only limited for RFG in the VOC control period, which generally coincides with the summer time. Therefore, both RFG and conventional gasoline in the winter time is constrained by property limits and not by the complex model.

Eliminating winter time RFG will allow terminals to avoid segregation issues related to VOC controlled and non-VOC controlled RFG and with conventional gasoline.

### ***Ethanol in Conventional Compliance Calculations***

The elimination of the use of the complex model for all winter time gasoline resulted in an odd, and I suspect unexpected, consequence where conventional gasoline in the winter probably has lower sulfur and benzene than winter time RFG. This occurs because essentially all RFG is produced to require the addition of oxygenate in the form of ethanol. RFG is allowed to consider the diluent impact of the addition of ethanol downstream in compliance calculations. Conventional gasoline can also include the ethanol added downstream of the refinery, but only if there is significant documentation to prove oxygenate was added. As a result, sulfur and benzene content (the only federally controlled properties in conventional gasoline) could be lower than that in RFG due to the lack of diluent effect from downstream oxygenate.

Since essentially all conventional gasoline and reformulated gasoline is oxygenated due to the RFS program, the EPA should modify the regulations to allow the inclusion of oxygenate in all conventional gasoline without additional documentation requirements.

### ***Renewable Fuel Program (RFS)***

Last, but not least, and to no-one's surprise, the RFS program should be modified to reflect the physical realities. Future renewable fuel compliance ratios or renewable volume obligations (RVOs) should be set to assume gasoline is oxygenated at 10 vol%. This is actually what the EPA proposed in 2013 for 2014 and beyond. The notice of proposed rulemaking included the assumption that the market would determine the E15 and E85 demand. The RFS program has had an impact on transportation fuels in the past five years without dramatic economic consequences. However, the objectives and implementation of the program must be reconsidered to avoid potential consequences in the future.

TM&C follows all of the developments in the fuels regulatory area, and if you need assistance or insight in any of these areas, contact us.