



Regulatory Announcement

Direct Final Rule Allows Evaluation of Puerto Rico Gasoline with Summer Complex Model

The U.S. Environmental Protection Agency (EPA) issued a direct final rulemaking which allows Puerto Rico gasoline, under limited circumstances, to be evaluated using the summer Complex Model. Currently, such gasoline is evaluated using the winter Complex Model.

Background

The anti-dumping standards of the reformulated gasoline (RFG) program require refiners to produce conventional gasoline each year that is as clean, with respect to exhaust toxics and oxides of nitrogen (NO_x) emissions, as the gasoline produced by the refiner in 1990. The exhaust toxics and NO_x emissions are determined using the Complex Model, based on measured properties, such as sulfur and benzene content. The Complex Model includes both a summer version and a winter version which, for a variety of reasons, yield different emissions for a given fuel composition. The summer Complex Model is used to evaluate gasoline supplied to an area subject to gasoline volatility standards when these standards are in effect; the winter Complex Model is used to evaluate all other gasoline. Gasoline sold in areas not subject to the volatility standards, such as Puerto Rico, Hawaii, and Alaska, is evaluated using the winter Complex Model.

In order to determine a refiner's compliance standard for the averaging period, the anti-dumping provisions require the use of a specified compliance baseline equation. This equation compares a refiner's conventional gasoline production for the year with that refiner's individual baseline. The equation includes a component which compares the emissions of a refiner's excess volume of conventional gasoline to the annual average statutory baseline emissions, a combination of the summer and winter statutory baselines. As a result, the emissions of gasoline destined for areas such as Puerto Rico are compared to that part of the compliance baseline equation that is based in part on the summertime portion of the statutory baseline. This means that gasoline sold in these areas is required to be evaluated, on a batch basis, using the winter Complex Model but is then compared to an annual average value. This inconsistency may result in unintended negative effects for refiners and for the environment, due to quality changes refiners may make in their gasoline pools in order to achieve compliance.

Health and Environmental Benefits

The current anti-dumping regulations applicable to areas not subject to the volatility standards can negatively affect the quality of a refiner's other gasoline, such as mainland RFG, by requiring the refiner to shift certain production from RFG to conventional gasoline in order to comply with the requirements for its gasoline which is destined for areas not subject to the volatility standards. Thus the emissions in areas which most need clean gasoline—ozone nonattainment areas participating in the RFG program—are artificially elevated. Conversely, areas not subject to the volatility standards, which are likely in attainment for ozone, receive cleaner conventional gasoline due to the unintended results of the current anti-dumping rules.

This rule helps to provide the cleanest gasoline where it is needed most. It is possible that areas not subject to the volatility standards could see increases in the emissions regulated under the anti-dumping requirements. However, this rule will allow refiners to use the most seasonally-appropriate Complex Model for gasoline sold in Puerto Rico, and will not result in an increase in emissions from conventional gasoline compared to 1990 levels. Thus, the goals of the anti-dumping program will be preserved. Indeed, this adjustment simply works to restore the proper balance to the distribution of environmental benefits under the RFG program. EPA will need more information from other refiners before proposing to broadly apply similar provisions in other areas not subject to EPA's volatility requirement.

Effect on Industry

Refiners are required to petition EPA in order to use the summer complex model and modified compliance baseline equation for their Puerto Rico gasoline. EPA believes that refiners will submit such a petition only if it is economically beneficial for them to do so. Most refiners that could potentially petition EPA under this rule are operating satisfactorily under the current requirements and are likely to be unaffected by this action.

For More Information

Additional documents on the RFG program are available electronically from the EPA Internet server at:

<http://www.epa.gov/oms/fuels.htm>

For further information on this direct final rule, please contact Christine Brunner (734-214-4287) or Felicia Seals-Buchanan (734-214-4589) at:

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