

Questions for Governors' Task Force on Boutique Fuels Stakeholders Meeting

AIAM Responses

May 16, 2006

1. EPA's 2001 study analyzed four different scenarios for reducing the number of boutique fuels. Do you agree with these options? Are there other options that should be addressed?

AIAM Response:

The four scenarios or options which EPA analyzed in its 2001 study appear to be relevant; however, some updating of EPA's analyses may be in order. First, with the passage of energy legislation by Congress in 2005, the oxygen mandate for reformulated gasoline was repealed and replaced with a renewable fuels requirement. Second, EPA recently proposed more stringent national mobile sources air toxics (MSAT) requirements for benzene in gasoline. These changes would actually simplify the analyses to some degree and make some options more likely to be attractive to the states which currently have boutique fuels programs. These changes also alter the economic and air quality assessments to some degree. An additional factor is the recent consideration of several additional states to adopt non-air-quality related renewable fuels mandates.

With regard to the recent EPA MSAT proposal, AIAM notes that the public comment period remains open through May 30, 2006. It is likely that EPA will receive additional comments with respect to other possible fuels options which are feasible and which could further reduce MSAT emissions.

2. Given the current state of fuel requirements, are the 2001 study findings regarding the cost, fungibility, air quality, and supply of the four options still accurate?

AIAM Response:

Most of the 2001 study findings would appear to still be accurate, certainly in a relative sense. Some updating of the EPA analyses may be in order given the impacts of the 2005 hurricanes on Gulf Coast refineries and other facilities and the recent record-high gasoline prices at retail. In particular, these factors may have affected cost and supply aspects of EPA's analyses.

3. What data would be needed to complete additional analyses on these four factors for boutique fuel options?

AIAM Response:

Other than the general impacts and areas for further analysis noted in the responses to questions 1 and 2, AIAM is not aware of the specific data needs for further analyses.

4. What impact do state boutique fuels have on your station operation?

AIAM Response: Not applicable

5. What impact do state boutique fuels have on vehicle and engine operation?

AIAM Response:

State boutique fuels increase the range of potential fuels that customers will experience in-use. Automakers must calibrate vehicles in a manner which will simultaneously achieve acceptable driveability and performance in-use and achieve the applicable vehicle emissions standards. If vehicle emissions standards were not a constraint, then automakers could calibrate their vehicles using the “least common denominator” in-use fuel. However, with the ever-increasing stringency of vehicle emissions standards, automakers often must compromise driveability and performance to some degree with respect to calibrations in order to provide a margin of safety for meeting emissions standards in-use. These compromises are usually limited to the so-called “shoulder” seasons when gasoline transitions from winter to summer grades and from summer to winter grades. Having a narrower range of boutique fuels should reduce in-use emissions accordingly.