

May 16, 2006

The Honorable Stephen L. Johnson  
Administrator  
United States Environmental Protection Agency  
Washington, D. C. 20460

**RE: Governors' Task Force on Boutique Fuels**

Dear Administrator Johnson:

The Engine Manufacturers Association (EMA) appreciates the opportunity to express our views on the issue of boutique fuels and to participate in the stakeholder panel at the May 18, 2006, meeting of the EPA/Governors' Task Force on Boutique Fuels. EMA believes that EPA and the states, together with the fuel producers and end users, should develop an alternative to the current patchwork of boutique fuels as soon as possible. Today's engines require consistently high quality fuels in order to meet performance and emissions requirements. State-mandated boutique fuels create state-to-state or region-to-region variations in fuel characteristics and properties. Such variations prevent or inhibit the ability of manufacturers and end-users to optimize engine and vehicle performance, maximize engine operation and durability, and achieve the best exhaust and emissions characteristics.

Engine manufacturers have long promoted improvements in fuel quality and have worked to achieve the nationwide desulfurization of gasoline and diesel fuel in order to improve, and indeed, achieve engine system emissions control. EMA supports nationwide, harmonized fuels for all applications, and believes that the creation and proliferation of boutique fuels through a patchwork of state or regional fuel standards must be avoided.

**Diesel Fuel**

EMA supports the need for a uniform national diesel fuel to optimize diesel engine performance and emission reductions throughout the country. Any proliferation of boutique diesel fuels has the potential to affect diesel fuel quality, availability, and cost. Boutique fuels are costly to refine, expensive to transport and store, and can be instrumental in causing localized supply shortages and price fluctuations. Experience has demonstrated that the existence of numerous gasoline products in the market has led to shortages and price spikes. Multiple diesel fuels in the market would create similar effects. EPA should take all steps to avoid state-by-state adoption of individual diesel fuel requirements in order to help assure that the high quality, clean-burning diesel fuel needed for today's diesel engine systems will be available on a uniform basis to all end-users.

Ultimately, EMA supports the development and distribution of a single, high quality diesel fuel throughout the nation. EPA, California, other states and industry stakeholders should work together to establish the specifications for a nationwide diesel fuel.

## **Gasoline**

EMA supports a reduction in the number of gasoline fuels offered for sale. Spark-ignited engines also must meet very tight performance and emissions requirements and would benefit from a uniform, nationwide gasoline fuel specification. The number of gasoline options available should be reduced to the minimum number needed to improve nationwide air quality.

## **Responses to Questions on Boutique Fuels**

As requested in your May 11, 2006, letter, EMA provides the following specific responses to the questions posed.

### **Options Regarding Boutique Fuels**

The four options developed in 2001 provide a range of alternatives to reduce the number of boutique gasoline fuels. EMA fully supports the need to reduce the number of boutique gasoline fuels required. A single, nationwide gasoline fuel that meets engine manufacturers' specifications, and helps achieve the nation's clean air goals, should be the ultimate outcome of this process.

EPA needs to develop diesel fuel options as well. States' interest in diesel fuel has increased since 2001, and the number of diesel fuel formulations across the country is growing including, for example, specific California and Texas diesel fuels. Engine manufacturers are concerned about the potential proliferation of boutique diesel fuels and believe that diesel fuel options should be addressed along with gasoline.

### **Need to Update the 2001 Study**

There have been significant fuel and vehicle changes since 2001. As such, the information on supply, capacity, air quality, and cost analyses in the 2001 document are certainly outdated. Recent regulatory changes, including reductions in gasoline and diesel sulfur levels, federal renewable fuel goals, new gasoline fuel requirements proposed in EPA's Mobile Source Air Toxics Rule, and the volatility and cost structure of the petroleum markets, significantly alter the baseline conditions, assumptions, and projections in the 2001 report. While the information and analyses need to be updated, the overall need to reduce the number of boutique fuels remains high.

## **Data Needs**

The information and baseline data in the analyses needs to be updated to reflect today's market conditions.

## **Impacts on Engine and Vehicle Operations**

Engine and vehicle manufacturers face formidable technological challenges to reduce emissions of criteria and mobile source air toxics emissions to near zero levels. In order to successfully achieve such goals, a systems approach to emissions reductions, including high quality fuels, advanced engine designs, and aftertreatment technology, is necessary. Clean burning, high quality fuels that meet national or international specifications are the enabling component for implementing a systems approach to cleaner air.

In order to meet customer performance demands and expectations, as well as the regulatory mandates to comply with new stringent emissions standards, engines must operate within extremely tight specifications and narrow tolerance bands. Today's high performance engines need to burn high quality fuels with consistent properties if they are to remain within the narrow band of combustion parameters needed for successful operation. Fuel properties and characteristics directly affect combustion characteristics. Consequently, the availability of high quality, and uniform quality fuels - - that meet manufacturer's specifications - - is critical to the satisfactory performance, function, and compliance of today's engines.

Boutique fuels can alter key fuel parameters and characteristics and consequently impact the combustion properties of the fuel. Boutique fuels can adversely alter engine operation and performance. Boutique fuels also can adversely affect the durability of engine components, change exhaust characteristics, and impact the effectiveness of aftertreatment devices used to reduce emissions. Importantly, the state-by-state differences in boutique fuels create highly variable and unacceptable conditions as vehicles move in interstate commerce. Such changing conditions prohibit the optimization of engine performance.

Today's engines are designed and manufactured to burn fuel with specified properties and characteristics so that they can operate properly and meet performance and emissions requirements. Engines are much more sensitive today to changes in fuel properties and need consistently high quality fuels. For those reasons, the importance of nationwide harmonization of diesel fuel cannot be overstated, and the creation of boutique fuels through a patchwork of state or regional fuel standards must be avoided.

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EMA supports the adoption of nationwide, harmonized specifications for diesel and gasoline fuels. Advanced technology engine systems require the use of consistent and high quality fuels in order to meet performance and emissions requirements. Boutique fuels create state or regional differentiation and result in fuel variability that adversely affects engine performance and can cause supply and market disruptions.

EMA supports the move towards a single, high quality national diesel fuel and opposes the proliferation of state or regional boutique fuels.

EMA appreciates the invitation to participate in these discussions and looks forward to working with EPA, the Governors' Task Force and other stakeholders on fuel issues. We would, of course, be happy to provide additional information or clarification.

Very truly yours,

*Jed R. Mandel*

Jed R. Mandel  
President

CC: Timothy A. French, EMA