

Underground Storage Tank (UST) System Compatibility Upgrades and RVP Summertime Fuel “Opt-Out”

Background

EMA and its members fully support the sale and distribution of renewable fuels blended into traditional motor and heating fuels. To ensure underground storage tank (UST) systems and dispensers are compatible with higher ethanol blends (E15), Congress needs to appropriate an additional \$500 million, at the minimum, for small to medium sized companies to make necessary upgrades.

Current Efforts

In October 2024, Senators Joni Ernst (R-IA) and Amy Klobuchar (D-MN) sent a letter to the USDA requesting additional funding through the Commodity Credit Corporation (CCC) to extend the Higher Blend Infrastructure Incentive Program (HBIIIP). This program helps retail store owners purchase the infrastructure necessary to provide e10 and b20 plus blends at the pump and b20 plus blends for heating fuel distribution facilities. HBIIIP grants support transportation fueling, fuel distribution, and home heating oil distribution facilities, lowering out-of-pocket costs for businesses to install or upgrade fuel dispensers, storage tanks and systems, and other related equipment.

Unfortunately, the current HBIIIP funding of \$500 million is insufficient to support the small business energy marketers who must make compatibility upgrades. **Further, small businesses must invest significant resources to pursue HBIIIP funding.** The cost to hire a grant writer ranges from \$5,000 - \$10,000 and applicants are dedicating an average of 80+ work hours completing these applications. Small and medium sized businesses do not have the time or resources to compete with large corporations for USDA grants. By increasing HBIIIP funding and including a preference that a portion of the funds be for the smallest businesses, energy marketers across the country can make necessary infrastructure upgrades to remain competitive.

EPA UST Statement and State Specific UST Upgrade Costs

Since 1988, U.S. Environmental Protection Agency (EPA) UST system regulations have required fuel to be stored in systems compatible with the type of fuel being stored. Underground storage tanks are one of the many components in a UST system for which gas station owners must ensure compatibility. In addition to UST systems, fire codes require motor fuel dispensing systems (including hoses, nozzles, swivels, and break-aways) to be compatible with the type of fuel dispensed. Surveys have shown that the cost of inspecting and making necessary upgrades to bring existing UST systems into compliance with the National Fire Protection Association (NFPA) and UL specifications can cost \$250,000 or more per UST system. Unfortunately, the costs to upgrade UST systems and dispensers that support E15 sales create significant economic burdens for these small business owners. Additional funding is needed to ensure safe and efficient UST systems are in place to allow all fuel marketers to offer and sell E15.

This reality is supported by EPA’s January 2020 opinion entitled *E15’s Compatibility with UST Systems*, which states, “[m]ost older and even some newer existing UST systems (which includes but is not limited to tanks, pumps, ancillary equipment, lines, gaskets, and sealants) are not fully compatible with E15 and require modification before storing E15. For example, the actual tank is often compatible with E15, but some of the many piping joints and connectors and pump, dispenser, and release detection components may not be.” Fuel

compatibility is essential not only for supplying fuel to end users through existing petroleum storage and distribution infrastructure, but also to meet customer expectations for quality, performance, and operability.

Minnesota¹, Iowa² and North Dakota's³ data include the entire UST system components: tanks, product lines, release detection components, submersible pumps, probes, drop tubes, spill buckets, dispenser hanging hardware, piping, glues, seals, gaskets, and dispensers. In Minnesota alone, the estimated cost to upgrade UST systems is over \$1 billion. The Nebraska⁴ fire marshal's data includes only the tank (most tanks are E100 compatible but 381 tanks in Nebraska still need to be replaced). UST replacement costs can exceed \$250,000 per UST system which is an extremely high cost for small businesses to provide consumers with the option to purchase E10 plus blends.

RVP Summertime Fuel “Opt-Out”

The EPA granted the petition of eight state governors (Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin) to remove the one pounds per square inch (psi) Reid vapor pressure (RVP) volatility waiver for E10 blends in their states. The decision stems from a petition by a group of Midwest governors to permit the summertime sale of E15 in their states, which was authorized under a provision in the Clean Air Act to permit an exclusion from the 1 psi waiver for E10 upon notification by a governor that the higher RVP limit will increase air emissions in that state.

EMA is concerned that the 1 psi exclusion waiver will require the creation of a boutique fuel exclusive to the petitioning states, thus limiting gasoline supply to the region. The ability to adapt to the 9.0 psi standard depends on refiner willingness to invest in infrastructure necessary to produce low-RVP E10 to the 8-state region. Site specific limitations such as space to add extra storage capacity and the variety of crude oil types processed will also determine whether a refinery can switch to low-RVP E10 production. A study conducted by Baker & O'Brien found that eliminating the RVP waiver for summertime E10 and introducing a new gasoline blend to just the petitioning states would likely cost \$500-\$800 million. EPA determined the request would result in a shortage of gasoline in the petitioning states for summer 2024, therefore, deciding to delay implementation until summer 2025 for the petitioning states. An option to avoid Midwest boutique fuel blends is for Congress to exempt E15 RVP volatility requirements that effectively block sales during the summertime driving season through the “Consumer and Fuel Retailer Choice Act of 2023.”

“The Ask” (*Committees: House & Senate Appropriations, House Energy and Commerce; Senate Environment and Public Works; House and Senate Agriculture; All lawmakers*)

- Urge Members of the House and Senate to support HBIPP funding through the Commodity Credit Corporation.
- Emphasize that the CCC would appropriate an additional \$500 million for the HBIPP program to support small to medium sized companies who need to make upgrades to ensure underground storage tank (UST) system compatibility.

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¹ MPCA E-15 Underground Storage Tank System Upgrade Estimates (2023) available [here](#).

² Fuel Iowa UST System Upgrade Estimates (2023), available [here](#).

³ NDPMA UST Compatibility and Upgrade Assessment (2023) available [here](#).

⁴ Nebraska State Fire Marshall, Number of tanks compatible and not compatible with ethanol blends (2023) available [here](#).