



October 1, 2021

Dallas Burkholder
Environmental Protection Agency
Nation Vehicle & Fuels Emissions Laboratory
2565 Plymouth Road
Ann Arbor, MI 48105

RE: Renewable Volumetric Obligations 2020, 2021 and 2022

Dear Mr. Burkholder:

I am writing to you on behalf of the Energy Marketers of America (EMA) concerning the upcoming proposed rule establishing renewable volumetric obligations (RVO) under the Renewable Fuel Standard (RFS). Formerly known as the Petroleum Marketers Association of America (PMAA), EMA is a federation of 47 state and regional trade associations representing energy marketers throughout the United States. EMA members supply 80 percent of all finished motor and heating fuel products sold nationwide including renewable hydrocarbon biofuels, gasoline, diesel fuel, biofuels, heating fuel, jet fuel, kerosene, racing fuel and lubricating oils. Moreover, energy marketers represented by EMA own and operate approximately 60,000 retail motor fuel stations nationwide and supply heating fuel to more than 5 million homes and businesses.

EMA asks that you fully consider the impact RFS places on small business energy marketers when setting the upcoming annual RVOs for 2020, 2021 and 2022. EMA supports and recognizes the importance of renewable fuels in the liquid fuels market. However, if RVOs continue to rise as they have in past years, obligated parties will be forced to manufacture E15 blends to meet their annual RVOs. E15 blends made from corn ethanol are not compatible with most existing underground storage tank systems in operation today¹. These systems are certified for E10 maximum blends by UST equipment manufacturers. The higher ethanol content in E15 blends is corrosive to key UST system components which significantly increases the risk of failure and can lead to a release of product into the environment.

Unfortunately, recertifying existing E10 systems to E15 blends is not a viable option as few manufacturers are willing to do so for liability reasons. The risk of a release is too high. The cost to upgrade or replace existing UST systems is prohibitive for marketers operating multiple retail sites. EMA is working with Congress to ensure that future federal grant funds are available for small business energy marketers to upgrade their underground storage tank systems for compatibility with E15 blends. Unfortunately, it is unlikely to be enough should RVOs keep rising.

Despite these seemingly insurmountable obstacles facing marketers who want to sell E15, EPA regulations and state fire codes are uncompromising in their requirement for proof of system compatibility. EPA is considering a blanket compatibility waiver for E10 systems², but it is unlikely to reduce the risk of liability from a release and it will have no effect on existing fire codes, OSHA regulations and insurance policies that continue to require proof of compatibility. Should the gap between annual RVOs and consumer demand continue to widen, E15 will be forced into a marketplace that is largely unprepared and unable to sell it to the ultimate consumer leading to major disruptions in the petroleum production and distribution chains. Such a disruption would have serious economic consequences that will ripple over all markets. EMA believes that stricter CAFE standards currently under consideration at the agency, along with the rapid rise in electric vehicles on the road due to growing federal subsidies, will only accelerate the widening of the gap

¹ E15's Compatibility with UST Systems; <https://www.epa.gov/sites/production/files/2020-01/documents/e15-ust-compatibility-statement-1-23-20.pdf>

² Proposed Rule for E15 Fuel Dispenser Labeling and Compatibility with Underground Storage Tanks; 40 CFR Parts 80, 280, and 281.

between annual RVOs and consumer demand. If this trend continues, obligated parties will be forced to buy more RINS at a higher price to meet their blending obligations, ultimately leading to significantly higher prices at the pump.

EMA believes the solution to the current E15 crisis is best met through reform of the RFS itself. EMA supports setting the maximum volume of ethanol content in gasoline at 9.7 percent of projected annual gasoline demand as determined by the EIA. The 9.7 percent limit is necessary because the 15-year gasoline demand projections (at E10 levels) used by Congress to determine annual volumetric ethanol blending mandates under the RFS were far too high.

Small business energy marketers play an integral role in the distribution of liquid fuels and are willing to sell any liquid fuel that is compatible with existing storage and dispensing equipment, as well the equipment it powers. Fuel compatibility is essential not only for supplying fuel to end users through energy storage and distribution infrastructure already in place, but also to meet consumer expectations for quality, performance, and operability. To point out the facts of UST system compatibility is not an anti-ethanol position. To the contrary, energy marketers strive to ensure that ethanol continues to be sold in a safe and legal manner for it to have a promising future.

Please feel free to reach out should you have any questions. We would be happy to meet with you and/or the Office of Transportation and Air Quality to discuss this issue further.

Sincerely,



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