



BRAZILIAN SUGARCANE INDUSTRY ASSOCIATION

ETHANOL • SUGAR • ELECTRICITY

May 30, 2014

VIA ELECTRONIC MAIL

The Honorable Gina McCarthy
Administrator
Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Ms. McCarthy:

As the leading international supplier of ethanol to the United States, we are writing to express our concern that widespread introduction of E15 is being impeded by Environmental Protection Agency's (EPA) inconsistent application of the Reid vapor pressure (RVP) volatility waiver to ethanol-blended gasoline. This unnecessary barrier to E15 adoption is, in turn, complicating compliance with the Renewable Fuel Standard (RFS2) and serving as an arbitrary barrier to the use of ethanol in the United States and beyond.

Brazilian Experience

In Brazil, gasoline may contain anywhere between 18-25% anhydrous ethanol for use in all light-duty vehicles and, for flex-fuel vehicles, the blends can go as high as 100% of hydrous ethanol. As we detailed in our 2009 comments to EPA regarding the "Clean Air Act Waiver to Increase the Allowable Ethanol Content of Gasoline to 15 Percent" (Docket [EPA-HQ-OAR-2009-0211](#)), ethanol has been blended above 10% in the gasoline that powers Brazil's entire fleet of light-duty vehicles as well as flex fuel vehicles when running on gasoline, plus boats, lawnmowers, and other small and non-road engines throughout Brazil. Notably, Brazil has experienced lower carbon monoxide emissions, reduced exhaust hydrocarbon, sulfur oxides and particulate emissions, and no degradation in general air quality since moving to higher-level ethanol blends.

Brazilian gasoline specifications set maximum RVP at 10 psi (69 kPa) for all types of ethanol-blended gasoline, which is referred to as "Gasolina C".¹ RVP for unblended gasoline, also known locally as "Gasolina A", is set in the range of 6.5 to 9.0 psi (45-62 kPa) in Brazil. These RVP requirements have been in place for years in

¹ See Technical Regulation N° 3/2013, attached to Resolution N° 40/2013, National Petroleum, Natural Gas and Biofuels Agency. Available online (in Portuguese) at http://nxt.anp.gov.br/nxt/gateway.dll/leg/resolucoes_anp/2011/outubro/rnp%2057%20-%202011.xml

Brazil and are widely accepted as a reasonable compromise in terms of refinery operations flexibility, gasoline quality and environmental requirements. In fact, in Brazil we have learned that if high RVP becomes a concern for a given gasoline stock then increasing the ethanol blends is a simple and cost-effective solution to get a lower RVP.

Concerns with Inconsistent RVP Volatility Waiver

Currently, EPA allows gasoline blended up to 10% ethanol (E10) a 1 pound per square inch (psi) RVP volatility tolerance. This flexibility enables ethanol to be blended into conventional gasoline year-round in the U.S. without requiring marketers to secure specially-tailored sub-RVP gasoline blendstock. EPA's failure to extend the 1 psi waiver to E15 makes it extremely difficult for gasoline marketers interested in selling E15 to obtain appropriate blendstock. Therefore, we strongly urge the Agency to extend the 1 psi volatility waiver to E15 as expeditiously as possible.

There is ample scientific justification for extending the volatility waiver to E15. EPA's initial decision to grant the 1 psi waiver to E10 was based on two fundamental findings: (1) low-RVP gasoline blendstock available for E10 blending and (2) increased volatility associated with the 1 psi waiver was offset by reduced carbon monoxide and exhaust hydrocarbon emissions from E10.

Recent analyses have shown that the vapor pressure of E15 is slightly lower than it is for E10. Further, there is evidence that E15 provides greater reductions in carbon monoxide and exhaust hydrocarbon emissions than E10. It is also clear that there is an insufficient supply of low-RVP gasoline blendstock in the United States to accommodate broad E15 blending without a 1 psi waiver. Thus, the same reasoning that led EPA to issue the 1 psi waiver for E10 also applies to E15. Therefore, as long as the 1 psi waiver continues to apply to E10, there is no logical reason that it should not also be applied to E15.

As an alternative to extending the 1 psi waiver to E15, EPA could instead discontinue the 1 psi waiver for E10, which would effectively ensure that "standard" gasoline blendstock would have RVP low enough to facilitate both E10 and E15 blending. The bottom line is that E10 and E15 should be treated consistently in the marketplace with regard to RVP. This is a critical issue in the near term, as E15 is attempting to enter the marketplace and obligated parties under the RFS are increasingly interested in transitioning to higher-level ethanol blends, as Brazil has done for more than three decades.

Conclusion

Consistent treatment of RVP requirements for E10 and E15 will reduce the potential for "boutique fuels," maximize flexibility for refiners and gasoline marketers, and help remove obstacles to greater ethanol consumption in the U.S. as envisioned by the RFS. Moreover, given the unique role of the U.S. regulations on global acceptance

of alternative fuels, we encourage EPA to act quickly in extending the 1 psi waiver to E15 or removing the waiver entirely for E10.

UNICA members and staff look forward to the opportunity to continuing to work with the EPA to fully achieve the economically and environmentally beneficial goals of the RFS in United States and to support our shared efforts of expanding renewable fuels globally, both to reduce our dependence on fossil fuels as well as to mitigate against climate change. UNICA is ready to provide further information or answer any questions RFS may have about the substance of these comments or the Brazilian sugarcane ethanol industry.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Elizabeth Farina', is written over a horizontal line. The signature is fluid and cursive.

Elizabeth Farina
President & CEO

cc: The Honorable John Podesta
Counselor to the President
The White House