



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEB 27 2012

OFFICE OF
AIR AND RADIATION

The Honorable Ed Whitfield
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Whitfield:

Thank for your letter of December 19, 2011, co-signed by 67 of your colleagues, sharing concerns about the potential impacts and the rulemaking processes of two upcoming U.S. Environmental Protection Agency proposed rules: the "Tier 3" light-duty vehicle emissions and gasoline standards, and the refinery sector rulemaking.

The EPA is developing the Tier 3 standards to respond to the critical need to improve air quality, and to enable a harmonized national vehicle emissions control program. This rule would reduce motor vehicle emissions and help state and local areas attain and maintain the existing health-based air quality standards in a cost-effective and timely way. Lower sulfur gasoline is necessary to operate the pollution control equipment to achieve new Tier 3 vehicle standards, and will facilitate the development of lower cost technologies to improve fuel economy. Improvements in fuel economy reduce gasoline consumption and save consumers money.

The Tier 3 standards would create a comprehensive regulatory approach that provides certainty for both the auto and oil industries. Under a single harmonized national vehicle program, the Tier 3 standards would provide for coordinated implementation with the California vehicle program and the EPA and Department of Transportation's recently proposed light-duty vehicle standards to reduce carbon pollution and improve fuel economy for model years 2017 through 2025. The proposed standards are projected to save approximately 4 billion barrels of oil and 2 billion metric tons of carbon pollution over the lifetime of the vehicles. Vehicles meeting these standards are projected to provide average net savings to consumers of \$3,000 to \$4,000 per vehicle. Further, the coordinated timing of the Tier 3 and refinery sector rules provides the oil industry regulatory certainty and opportunities for cost-efficiency.

We understand that even minimal increases in the cost of gasoline are of importance to the American public. That is why EPA conducted extensive refinery modeling to understand the cost impacts of a variety of fuel requirements. As a result, the only fuel requirement we are considering for Tier 3 is one that would lower the amount of sulfur in gasoline. As with lead, sulfur in fuel impairs the functioning of emission control equipment. By focusing only on sulfur requirements in Tier 3, we estimate the costs to be approximately one penny per gallon in 2017, an estimate that is supported by a recent study by Mathpro.

Your letter expressed concern about the regulation's potential effects on the refining industry and gasoline supply. Let me assure you that as many as 17 refineries are already able to meet the 10 ppm sulfur standards we are considering, and some are currently producing and exporting to European countries gasoline that meets this standard (which is already required in places like Japan, South Korea, and a number of other countries). The regulatory flexibility we intend to build into the Tier 3 standards, similar to the flexibility we provide in our current fuel programs, will ensure that the Tier 3 standards under consideration would not cause refinery closures or negatively impact gasoline supply.

Your letter points to the need for thorough scientific, cost, and benefits analyses before proceeding. Let me assure you and your colleagues that we agree that these major rules require robust and transparent analyses of air quality, technological feasibility, and costs, as well as potential benefits. As we continue to develop these proposed rules, neither of which has yet been published for comment, we are conducting and documenting a wide range of analyses in all of these areas.

Regarding the refinery sector rule, we agree that thorough analysis of available data is crucial in the generation of common sense emission control standards. We have worked diligently to evaluate and analyze data received through the Information Collection Request. We have taken and will continue to take into consideration the perspective and input of stakeholders as we strive to develop a reasonable rulemaking that will achieve meaningful and cost-effective pollution reductions in the refining industry.

Again, thank you for your letter. If you have further questions, please contact me, or your staff may call Diann Frantz in EPA's Office of Congressional and Intergovernmental Relations at 202-564-3668.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina McCarthy", written in a cursive style.

Gina McCarthy
Assistant Administrator