

Fuels Regulatory Streamlining

Notice of Proposed Rulemaking Overview for NACAA Mobile Source & Fuels Committee

May 26, 2020

US EPA Office of Transportation and Qir Quality

Overview

- Streamlining Background
- Stakeholder Reactions
- Summary of Key Elements
- Burden Reduction
- Environmental Effects
- Tentative Schedule

What is Fuels Streamlining?

- This rulemaking is EPA's effort to streamline and modernize its existing gasoline, diesel, and other non-RFS fuels regulations in 40 CFR Part 80
 - Stemming from years of interactions between EPA and stakeholders on the challenges associated with implementing our fuel programs
- Holistic look at the fuels regulations in Part 80, replacing them with a single set of integrated provisions in the new Part 1090 that also better reflects today's fuel marketplace
 - Deleting expired provisions
 - Consolidating/eliminating redundant compliance provisions
 - Removing unnecessary and out-of-date requirements
- Streamlining will:
 - Reduce burden and costs for EPA and stakeholders
 - Improve compliance assurance
 - Maintain environmental performance and fuel quality
 - Improve fuel fungibility (e.g., availability in times of disruption)
 - Reduce number of reg pages from 1,000 to 180
 - Replace 7 Information Collection Requests (ICR) into 1 new ICR
- Notice of Proposed Rulemaking published on 5/14/2020, and comment period closes on 6/29/2020
- Plan is to implement it on 1/1/2021 if at all possible

What Fuels Streamlining is *Not*

- It's not the place to address RFS issues
 - Maintained support from industry to keep RFS issues out of it due to their strong desire to have this rule implemented ASAP
 - Those issues have their own statutory, regulatory, and judicial processes
- It's not an attempt to establish new standards or modify the stringency of existing ones
 - This proposed rulemaking is neutral in its effects on fuel quality and environmental performance of EPA's existing fuel standards
 - Quantified cost impacts (savings) are administrative burden reduction
 - Likely greater, unquantified costs savings from improved fuel fungibility

Open Development Process

- The fuels production and distribution system is exceedingly complex
- We would not be able to rewrite the entire set of fuels regulations without expertise and guidance from a broad range of internal and external stakeholders
 - Several EPA offices
 - Industry
 - States and other federal agencies
- As such, we have taken the approach of developing the proposal with maximum collaboration with stakeholders
 - Several industry and public workshops
 - Outreach meetings with all relevant stakeholders
 - Released a series of four “discussion drafts” of the new draft regulations for feedback, last one in December 2019
- Goals are no surprises and to get it right the first time (no supplemental proposal and minimal subsequent tech amendments)

Main Elements of Fuels Reg Streamlining

- **Deletion of expired provisions** that either have been replaced by a more recent program or those that are no longer necessary because a program is fully implemented
- **Consolidation of redundant provisions** such as compliance and enforcement provisions (e.g., registration) that exist in every Part 80 fuels program, our goal is to consolidate these provisions to create one set of requirements across the entire fuels program
- **Streamlining EPA's gasoline programs**, Part 80 has a patchwork of gasoline regulations that could benefit from consolidation and simplification, with three main components:
 - Simplification of the reformulated gasoline (RFG) standards to maximize fungibility and allow us to consolidate all non-RFS gasoline regulations into a single gasoline program
 - Allows us to streamline the batch certification process which reduces sampling/testing burden from 11 parameters to 4
 - Consolidation of compliance provisions across gasoline programs into a single approach for each major compliance area (e.g., reporting, registration, etc.)
 - Transform the existing retail survey programs into a single national survey program; expanding coverage while reducing cost

More Detail on Reformulated Gasoline (RFG) Proposal

- Proposing to translate the RFG summer VOC performance standard into a single RVP cap of 7.4 psi.
 - Consolidate three VOC standards into a single standard as required under the Energy Policy Act of 2005.
 - 7.4 psi RVP maintains equivalent stringency to the most stringent of the three.
 - Maintain other limitations in the Act for RFG (e.g., no heavy metals).
- Also proposing to streamline/update provisions for states to opt in/opt out of RFG .
 - For states already opted-in or mandated to use RFG, nothing changes.
- Proposing to streamline the process to relax the federal 7.8 RVP standard for any state interested in a relaxation.

Improved Fuel Fungibility

- Proposal attempts to substantially increase the fungibility of fuels. NRPM proposes:
 - No restrictions on the use of federal gasoline in the winter;
 - Redesignation provisions to make it easier for Summer RFG and CG to be substituted for one another if applicable RVP standards are met;
 - Simplified procedures to allow E0 use in RFG areas;
 - Allow California RFG to be used in other states without recertification.
 - Clarified distillate redesignation procedures for distillate fuels allowing distillate fuels meeting 15 ppm sulfur standard to be used more fungibly.
- We believe that these proposed changes will help address short-term fuel supply issues.

Burden Reduction

- Biggest potential cost savings for industry (and consumers) come from improved fungibility of fuels
 - Reduced distribution costs – Less segregation needed in pipelines and at terminals (less tankage)
 - More fuel choice at retail stations (people can sell E0 & butanol in RFG areas)
- Second biggest area of savings is decreased administrative costs to demonstrate compliance with our regulations (including ICR costs)
 - Reduced sampling and testing requirements
 - Removing registration requirement for hundreds of parties that no longer need to register
 - Reduced (fewer reports) and less frequent (from quarterly to annual) reporting
 - Consolidation of several programs into one (i.e., 4 survey programs into a single national program)
- Other areas for savings
 - Fewer constraints on fuel supply resulting from fewer emergency waivers
 - Streamlined rules for state fuel program changes
 - Decreased time and contractor support spent interpreting complex regulations
 - Simplified detergent certification

Environmental Effects

- This proposed rulemaking is neutral in its effects on fuel quality and environmental performance of EPA's existing fuel standards.
 - We're not changing standards or imposing/removing standards.
 - Directionally, we expect compliance with the existing standards to improve since the regs are easier to understand.
- However, preamble notes there are some areas that could be perceived as changing fuel quality.
 - We lay this out as trade-offs and on balance we think things will stay the same.
 - For example, we reduce sampling/testing at the refinery gate, but we improve in-use verification to make sure fuel quality specifications are met.
 - For example, the streamlined provisions for downstream oxygenate accounting may reduce some overcompliance in CG but its relatively small.
- Generally, these kinds of effects are too small to measure in inventory, and certainly air quality modeling.
 - We are mostly talking about compliance mechanisms (number of reports, records that are kept, etc.) – this rule is like a large series of technical amendments.
 - We don't have a way to model such changes; we just assume regulated parties will comply with the standards – which aren't changing.
- Nothing in here would affect any state's SIP.

Tentative Schedule for Streamlining

Schedule for Fuels Streamlining

Milestone	Date
NPRM Signature	4/13/2020
NPRM Publication	5/14/2020
Virtual Public Hearing	5/28/2020
Comment Period End	6/29/2020
Anticipated FRM Signature*	11/16/2020
Anticipated FRM Publication*	12/16/2020
Effective/Implementation Date*	01/01/2021

*Subject to change

Additional Information on the Streamlining Proposal at:

<https://www.epa.gov/diesel-fuel-standards/notice-proposed-rulemaking-streamlining-and-consolidating-existing-gasoline>