

Governor's Ethanol Coalition

December 30, 1999

The Honorable Al Gore
Vice President of the United States
17th Street & Pennsylvania Avenue NW
Washington, DC 20501

Dear Mr. Vice President:

As you know, USEPA's Phase II Reformulated Gasoline Program is scheduled to begin January 1, 2000, without resolution of the uncertainty of ethanol's role in the program. This uncertainty has increased due to the volatile changes in the fuel market, the new scientific information published concerning environmental pollution from MTBE, the completion of the National Academy of Sciences report on the reformulated gasoline program, and the findings of USEPA's Blue Ribbon Panel Committee on MTBE.

In the last year, Governor Gray Davis of California announced a phaseout of MTBE, Northeastern states withdrew their support from the RFG program or began their own MTBE phaseout program, environmental groups voiced their concerns about water quality, and public water officials debated air quality officials and their environmental supporters about MTBE concerns. We do not want to see the United States backslide on water quality improvements and public water safety. This may happen if MTBE moves into new markets such as Chicago, Milwaukee and other midwestern cities.

The Governors' Ethanol Coalition is very concerned about this possibility and we are requesting USEPA to delay the implementation of the Phase II RFG Program until after next summer. We do not want to see any reduction in the environmental quality gains that our states have achieved, whether it be in our water or our air.

There is new evidence championed by the National Academy of Science that reductions in carbon monoxide (CO) emissions due to

the higher oxygen content of 10% blends of ethanol in gasoline reduce ozone formation and should be recognized with credits. The NAS study was completed in May 1999, more than a year after its expected release. USEPA has not yet incorporated the findings of the NAS study to reflect this new scientific data in a credit for CO reductions. In fact, a proposed rule has not even been issued, leaving refiners, ethanol producers and state air officials with little idea as to the future of the Phase II RFG Program.

The Governors' Ethanol Coalition feels strongly that the urban airshed modeling studies provided to USEPA by Illinois EPA support up to an .8 pound credit for 10% blended ethanol due to the reduction in CO emissions and the resulting reduction in ozone formation. Any credit lower than .5 pound would not be acceptable and would possibly bring MTBE into the ethanol market of Chicago, Milwaukee and other midwestern cities.

The last point related to both the RFG Program and the CO Program in the federal Clean Air Act is that the oxygen standard must be maintained as originally incorporated in the Clean Air Act Amendments of 1990. There is no debate that gasoline with ethanol as the oxygenate has achieved all of the goals envisioned by those who developed and passed the Clean Air Act Amendments of 1990. We do not want to backslide by eliminating the oxygen requirement and allow more toxics into our gasoline.

The challenge is to allow ethanol to reach its full market position and air quality potential in all RFG markets, including Chicago, Milwaukee and California.

If you have any questions, please contact us. We are looking forward to your assistance on this critical issue for the ethanol industry, the refiners and air directors.

Sincerely,

BILL GRAVES
Governor of Kansas
GEC Chair

THOMAS VILSACK
Governor of Iowa
GEC Vice Chair

GEORGE RYAN
Governor of Illinois
GEC Environment Committee Chair