Say yes to convenience

November 1, 2023

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Ave., N.W.
Office of the Administrator, 1101A
Washington, D.C. 20460

RE: ***Insufficient Supply of Gasoline in the U.S. Mid Continent***
Petition to Delay the Elimination of the 1psi Reid Vapor Pressure ("RVP") Waiver ("1PSI Waiver") for E10 Until the Summer of 2025 or later

Dear Administrator Regan,

I am writing to you on behalf of Yesway, which is a gasoline and convenience store operator with over 440 stores, 56 of which are in states potentially impacted by the proposed elimination of the 1PSI Waiver for 10% ethanol blended gasoline. Our stores are primarily located in small, rural, underserved communities, where we offer gasoline, convenience items, and groceries. As allowed in the Clean Air Act, please consider this as a petition to encourage you to delay any consideration of the elimination of the IPSI Waiver for 10% ethanol blended gasoline as we believe such elimination will have a detrimental effect on the economy and particularly on the lower-income population.

Section 211(h)(5)(C)(ii)(I) of the Clean Air Act to delay the elimination of the 1psi Reid vapor pressure waiver for 10% ethanol blended gasoline until at least the Spring of 2025. A Spring 2024 implementation date will cause gasoline supply shortages in the affected states and other states in the region.

We receive our fuel supply from common carrier pipelines that deliver fuel from the refineries into the pipeline terminals, where trucks load and transport fuel supply to our stores. This process allows us to provide reliable energy in the form of motor fuels to our customers in rural communities. In an effort to placate the stakeholders of the 15% ethanol blend (which ironically is diametrically opposed to the Clean Air Act's purpose of reducing VOC's), the unintended consequences of the impact to the 85%-90% of the gasoline pool has been ignored, as well as the potential reduction of the diesel fuel supply.

I am sure you are aware of the changes that refineries will need to make in order to comply with the Clean Air Act RVP mandates. To achieve the required decrease in RVP, the blend stocks ("BOBs") for oxygenate blending base gasoline will need to have a lower RVP (including in attainment areas in the states, which are not covered by the Clean Air Act). The lower RVP BOBs must be isolated from the fungible BOBs to retain their integrity, as the base gasolines cannot be mixed and retain their chemical properties, in the common carrier pipelines, breakout tanks, and terminal storage tanks.

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The pipelines are not dedicated to specific grades of motor fuels, and ship multiple grades of base gasolines, diesel fuels, and jet fuels through the same pipe. There is a loss of product usability due to pipeline interfaces between the products. Adding the lower RVP BOBs to the pipeline will result in further loss of products due to the extra interfaces. In addition, the different types of base gasolines and distillates must be stored in separate tanks in order to maintain the integrity of the products' chemical properties including RVP. The elimination of the 1PSI Waiver during the summer months will add two more grades of base gasoline products, requiring additional storage tanks that are not currently available. The cost of additional tankage throughout a pipeline system is extreme and will result in increased costs to consumers, not only for fuel but throughout the economy given that fuel prices have a direct impact upon all economic activity.

In addition to the onerous effect of additional infrastructure costs, fuel prices will be affected by the increased cost of the BOBs. The lowest cost blend components also happen to be the highest in RVP, being butane, light straight run gasoline, etc. To compensate for the drop in the RVP requirement, higher cost blend components, such as alkylate, will need to be used. The increased demand for these components, and resulting cost increases, will only exacerbate the issue. This can be inferred from the effect of the higher RVP requirement during the winter months as compared to the summer period. The winter gasoline pool grows by 5%-10% or more due to the addition of low-cost blend components while these components are not allowed in the summer gasoline pool.

The refiners could also end up with more of the higher RVP blend components than they can use in their end products. If that occurs, the refiners must find a market for these components or, alternatively, cut their crude runs, which in turn, would reduce the diesel and jet fuel produced. This situation would further cause a spike in fuel prices. Fuel price increases disproportionately impact the lower-income population, by increasing all consumable items that are either made or transported utilizing motor fuels. These measures will cause increased inflationary conditions in the fuels themselves and in the transportation sector as a whole.

A recent Baker & O'Brien study suggests this could amount to a reduction of gasoline supply up to 125,000 barrels per day and a reduction of diesel supply up to 30,000 barrels per day. These volumes are equal to taking away the production of a large refinery in the U.S. Mid Continent.

I would also note that, in less-than-optimal situations, any supply disruption of the unique boutique base gasoline blend stocks will have severe price spike consequences. An example can be found in the Chicago RFG vs Minnesota specification summer CBOB study. The supply disruption of the unique base gasoline blend stock (RFG) went to 60 cpg premium over the conventional blend stock. The lower-income population would bear the brunt of this proposed change disproportionately than the other sectors of the population.

As you are aware, the 1PSI Waiver is being pushed in order to promote and increase sales of E15 in the summer. The impact of E15 would have a significant negative impact on older retail fuel outlet infrastructure, which would include many of the single-store owners. Below is an excerpt from a report on the effects of E15 on equipment which is certified for 10% levels of ethanol.

> *Several research papers have been published on the effects of increasing the ethanol blend ratio to E15 from the current E10 standard. The following information can be concluded from this research:*
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> *The Oak Ridge National Laboratory (ORNL) issued a report on elastomers, metals and sealants that was designed to provide guidance and identify potential issues to service station equipment designers. They found very little corrosion of metals while all elastomers (i.e., gaskets, seals, o-rings, etc.) swelled and most lost important qualities which can result in leaks. They concluded that some elastomers are not suitable for E15, while others require expert design to function well. Thread sealant designed for higher blends of ethanol work well while pipe joints with older thread sealant*

leaked with E15. The information presented by ORNL may be useful to service station equipment designers.

The National Renewable Energy Laboratory (NREL) and Underwriters Laboratories (UL) tested a number of samples of used and new service station equipment. All the equipment was listed for E10 but was tested with E17a, an aggressive laboratory test fluid, after soaking the equipment in the test fluid at a high temperature (140°F) for 105 days. They found that 70% of the in-use equipment and 40% of the new equipment failed compatibility tests. These tests found a reduced level of safety from using equipment certified for E10.

The U.S. Government Accountability Office (GAO) reported on challenges related to E15 implementation. They noted that U.S. Occupational Safety and Health Administration (OSHA) regulations require all service station components from the dispenser nozzle to the submersible turbine pump (STP) to be listed by a nationally recognized testing laboratory (NRTL). Despite this, "the vast majority of existing retail dispensers in the United States are not approved for use with intermediate ethanol blends under OSHA's safety regulations." GAO was also concerned that many service stations lacked the records required to verify compatibility with E15 as well as the limited amount of research that has been conducted so far. Service station owners face challenges from using existing equipment to sell E15 because "ongoing federal research indicates potential problems with the use of intermediate ethanol blends with some UST components." These challenges include costs of equipment upgrades, logistical limitations on the types of fuel a retailer may be able to sell, and legal uncertainty about whether existing dispensing equipment can be lawfully used with intermediate ethanol blends.

For legacy stores with older E10 certified compatible fuel systems, the compatibility with E15 is questionable. Since it typically takes both the fuel offerings and the inside store sales to be profitable, retail operators would have to choose between spending significant capital to upgrade the entire fuel system, which would result in higher costs to consumers, or closing the locations. Given that our locations in these states are primarily located in small, rural, underserved communities, a significant capital expenditure may not be justified and could result in store closures, thereby reducing competition and causing additional hardship on the communities we serve.

In summary, the ramifications of this proposal would:

- reduce the supply of summer gasoline, resulting in an insufficient supply of gasoline not only in the proposed states but also the surrounding states;
- increase the cost of summer gasoline due to the requirement of the highest cost blending components being required in the gasoline blend stream and the pipeline capital expenditures for additional storage tanks;
- apply non-attainment area requirements in attainment markets;
- potentially decrease the diesel supply in the affected states and surrounding states; and
- in the event the E15 is mandated or subsidized beyond E10, pose a significant risk of diminished competition and a reduced number of retail convenience locations. The smaller, rural communities will be most impacted by this decision.

We would like to encourage you to continue the 1# RVP waiver for 10% ethanol blended gasoline as included in the Clean Air Act and not risk the destabilization of the motor fuel supply.

Thank you for your consideration.

Respectfully,

Thomas Nicholas Trkla
Chairman and Chief Executive Officer

Cc: Mr. Joseph Goffman, US Environmental Protection Agency
Mr. Paul Machiele, US Environmental Protection Agency
Ms. Lauren Michaels, US Environmental Protection Agency
Mr. Neelesh Nerurkar, US Department of Energy