OZONE STANDARDS

BACKGROUND

Thanks to implementation of the Clean Air Act, our nation’s air quality has demonstrably improved and the petroleum industry has made great strides making our air cleaner. Unfortunately, under the Obama Administration, on October 1, 2015, the EPA set the new ozone standard at 70 parts per billion (ppb), a reduction from the 75ppb level set in 2008. The new ozone standard places a burden on hundreds of counties nationwide which could mean costly reformulated gasoline (RFG) and lower Reid vapor pressure (RVP) fuels.

CURRENT OZONE STANDARDS MUST BE MET BEFORE MOVING FORWARD

- Since 1980, ozone levels are down more than 33 percent, a trend that EPA projects will continue as states implement the 2008 ozone standards.

- EPA Delayed Emissions Reductions Under 2008 Ozone Standards: EPA delayed work on the 2008 ozone standards for two years while it pursued, and abandoned, reconsidering those standards. EPA fell so far behind that it didn’t provide states with guidance to implement the 2008 ozone standards until 2015.

- States Need Time to Catch Up: After waiting on EPA, states are now starting new emissions reductions under the 2008 ozone standards. That is why thousands of elected officials, state agencies, and other stakeholders urged EPA to let states catch up on the 2008 ozone standards before setting new standards.

- EPA Imposed Overlapping Programs: Rather than heed concerns, EPA issued the 2015 standards, which imposed overlapping implementation schedules on states.

- EPA’s own data shows that the 2015 ozone standards’ implementation schedule will increase nonattainment counties from 217 to 958, forcing additional controls to meet those standards by 2020 to 2023. Yet, EPA projects that most of these counties would meet the 2015 ozone standards just two to five years later in 2025 even without the 2015 ozone standards.

BOUTIQUE FUELS, OZONE STANDARDS AND GASOLINE PRICES

Reformulated gasoline (RFG) and low Reid vapor pressure (RVP) gasoline are two of the common transportation strategies that have been implemented to reduce ozone concentrations. It is possible that expensive RFG and/or lower RVP gasoline would be required in hundreds of counties nationwide at 70 ppb. (See map) Prices at the pump in these counties will likely shoot up several cents per gallon as the change from less expensive conventional blended gasoline to RFG and/or lower RVP occurs.

Before the RFG and lower RVP mandates were adopted during the mid-1990s, the logistics of fuel distribution were relatively simple. Gasoline was fungible. When one area of the country was experiencing a higher demand, it was easy to redirect more gasoline from another area to meet it. With the mandated push for RFG and lower RVP fuels, we now have over 30 boutique fuels in the U.S. Boutique fuel blends in each state differ including RFG and fuels with different levels.

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of low RVP ranging from 7 to 9 psi with a 1 psi waiver for up to 10 percent ethanol. Some states mandate RFG blended with ethanol (an oxygenate) while some states mandate low-RVP fuels blended with up to 10 percent ethanol.

Requiring multiple types of gasoline based on geographic location and by season has all but eliminated the fungibility of gasoline in the U.S. today. The logistics of fuel distribution has become a nightmare for refiners, pipeline operators and downstream petroleum marketers, particularly when a refinery, terminal or pipeline goes off line for service or due to extreme weather events. Marketers are often forced to travel over 100 miles to pick up RFG or RVP specific product when conventional fuel is more readily available. The balkanization of the fuel distribution system nationwide results in periodic regional supply shortages and higher prices at the pump.

EPA FINAL CRITERIA for DESIGNATING OZONE NON-ATTAINMENT AREAS

In March 2018, the EPA issued final requirements establishing criteria for state and local air agencies to implement the 2015 National Ambient Air Quality Standards (NAAQS) for ground-level ozone. After the EPA establishes or revises an air quality standard as it did in 2015, the agency, with input from the states, establishes area designations (i.e., as nonattainment, attainment, or unclassifiable) to the EPA. The EPA then evaluates air quality data and other factors prior to making its proposed and final determinations regarding area designations. The EPA also classifies non-attainment areas by the severity of their air quality problem based on air quality monitoring data with five classification categories ranging from “Marginal” to “Extreme.” In the recent final rule, EPA established the air quality thresholds that define each of the five classification categories and attainment deadline associated with each classification. The final air quality thresholds and attainment dates for the 2015 ozone NAAQS for each classification are:

- **Marginal** – from 71 ppb up to 81 ppb with 3 years from nonattainment designation to comply.
- **Moderate** – from 81 ppb up to 93 ppb with 6 years from nonattainment designation to comply.
- **Serious** – from 93 ppb up to 105 ppb with 9 years from nonattainment designation to comply.
- **Severe** – from 105 ppb up to 163 ppb with 15 or 17 years from nonattainment designation to comply.
- **Extreme** – from 163 ppb and above with 20 years from nonattainment designation to comply.

In addition to setting these thresholds, the agency also set forth deadlines by which states that do not meet the 2015 ozone standard must come into compliance. The rule is effective as of May 8, 2018.

CURRENT EFFORTS TO MINIMIZE THE OZONE STANDARD

In February 2017, Sen. Shelley Moore Capito (R-WV) reintroduced legislation, S. 263, from the previous Congress that would delay deadlines under EPA's 2015 ozone standards by eight years, from October 2017 to October 2025. Similar legislation passed the House in 2016 but was never taken up for a vote in the Senate. S. 263 provides a common-sense approach for implementing national ambient air quality standards, recognizes ongoing state efforts to improve air quality through a reasonable implementation schedule for the 2015 ozone standards, streamlines the air permitting process for businesses to expand operations and create jobs, and includes other reforms that bring more regulatory certainty to federal air quality standards.

**“THE ASK” Committees: Senate Environment and Public Works**

PMAA urges Congress to support S. 263, the “Ozone Standards Implementation Act.”

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