March 27, 2020

Re: May 1, 2020 Fuel Waiver Concerning Summer Gasoline

Dear Governors and Mayor Bowser:

The U.S. Environmental Protection Agency, in consultation with the U.S. Department of Energy and representatives of the various states, has been working to evaluate fuel supply problems caused by the novel Coronavirus Disease (COVID-19) outbreak. Based on this evaluation, the EPA has determined, and DOE concurs, that it is necessary to waive certain federal fuel standards under the Clean Air Act (CAA) to minimize or prevent the disruption of an adequate supply of gasoline throughout the United States. This waiver only applies to the federal fuel standards. Regulated parties must continue to comply with any applicable state or local requirements, or restrictions related to this matter, unless waived by the appropriate authorities.

As you know, regulations promulgated under the CAA require the use of low volatility gasoline during the summer months in order to limit the formation of ozone pollution. The regulations requiring the use of low volatility conventional gasoline during the summer season are found at 40 C.F.R. § 80.27 and in certain State Implementation Plans (SIPs). See 40 C.F.R. § 80.27 and https://www.epa.gov/gasoline-standards/gasoline-reid-vapor-pressure#table. The regulations requiring the use of low volatility reformulated gasoline (RFG) are found at 40 C.F.R. § 80.78 and in certain SIPs. The RFG regulations at 40 C.F.R. § 80.78(a)(7) also prohibit any person from combining any reformulated blendstock for oxygenate blending (RBOB) with any other gasoline, blendstock, or oxygenate, except for the oxygenate of the type and amount specified by the refiner that produced the RBOB. RBOB is combined with its specified oxygenate to produce RFG.1

The low volatility gasoline regulations apply to refiners, importers, distributors, resellers, terminal owners and operators, and carriers beginning on May 1 and to retailers and wholesale purchaser-consumers beginning on June 1. The regulations impose a two-date system that requires parties upstream of retailers and wholesale purchaser-consumers to turn over their storage tanks to low volatility summer gasoline and stop selling higher volatility winter gasoline by May 1 so that retailers and wholesale purchaser-consumers can meet the applicable low volatility gasoline standards by the June 1 deadline.

The COVID-19 outbreak has been identified in all 50 United States and the District of Columbia. The United States and several states have declared States of Emergency. Federal, state, and local governments have taken action to meet Centers for Disease Control and Prevention guidelines requiring social distancing and implement policies to reduce transmission of

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1 Alaska, Hawaii, and U.S. territories are exempted from federal volatility regulations.
COVID-19. The COVID-19 outbreak and the associated precautions have caused a dramatic decrease in the demand for gasoline which is preventing regulated parties upstream of retailers and wholesale purchaser-consumers from selling winter gasoline in their storage tanks and turning their storage tanks over to compliant summer gasoline by May 1, 2020. Without a waiver of the summer gasoline requirements, these regulated parties would be required to stop selling winter gasoline in their storage tanks on May 1, 2020, which would prevent them from loading summer gasoline into their storage tanks and result in a shortage of compliant summer gasoline. These supply shortages can be alleviated by waiving the requirements to sell summer gasoline and by waiving provisions at 40 C.F.R. § 80.78(a)(7) that prohibit any person from combining any RFG blendstock for oxygenate blending with any other gasoline, blendstock, or oxygenate, unless certain conditions are met.

I have determined that an “extreme and unusual fuel supply circumstance” exists that will prevent the distribution of an adequate supply of compliant gasoline to consumers. CAA § 211(c)(4)(C)(ii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(I). This extreme and unusual fuel circumstance is the result of an outbreak of COVID-19, an event that could not reasonably have been foreseen or prevented, and is not attributable to a lack of prudent planning on the part of suppliers of the fuel to these areas. CAA § 211(c)(4)(C)(ii)(II), 42 U.S.C. § 7545(c)(4)(C)(ii)(II). Furthermore, I have determined that it is in the public interest to grant this waiver and that this waiver applies to the smallest geographic area necessary to address the fuel supply circumstances. CAA § 211(c)(4)(C)(ii)(III) and (iii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(III) and (iii)(I).

The EPA, in consultation with DOE, has evaluated the impact of disruption of the fuel production and distribution system on fuel supply throughout the United States. Based on this evaluation, the EPA has determined, and DOE concurs, that it is necessary to take the following action to minimize or prevent further disruption of an adequate supply of gasoline to consumers.

**Federal RVP Standards**

I am issuing this waiver of the federal Reid vapor pressure (RVP) requirements at 40 C.F.R. § 80.27 that apply to terminal owners, terminal operators, distributors, carriers, retailers, and wholesale purchaser-consumers throughout the United States to minimize or prevent problems with the supply of gasoline.

**Reformulated Gasoline**

I am issuing this waiver of the federal RFG requirements in all RFG covered areas that apply to terminal owners, terminal operators, distributors, carriers, retailers, and wholesale purchaser-consumers. Additionally, I am waiving the provisions at 40 C.F.R. § 80.78(a)(7) that prohibit any person from combining any RFG blendstock for oxygenate blending with any other gasoline, blendstock, or oxygenate, unless certain conditions are met.

**Federally-Enforceable SIP Covered Areas**

I am issuing this waiver of all low volatility gasoline requirements and RFG requirements in any federally-enforceable SIP that apply to terminal owners, terminal operators, distributors,
carriers, retailers and wholesale purchaser consumers to minimize or prevent problems with the supply of gasoline.

Waiver Conditions

Since this waiver is designed to facilitate the turnover of storage tanks from winter to summer gasoline, the waiver does not permit refiners to produce gasoline after May 1, 2020 that exceeds the applicable summer gasoline volatility standards, and does not permit any party to add butane to previously certified conventional gasoline if the butane would cause the gasoline to exceed the applicable summer gasoline volatility standards. This waiver is effective May 1, 2020 and will continue through May 20, 2020. Gasoline that does not meet the low volatility requirements may not be introduced into terminal storage tanks from which gasoline is dispensed into trucks for distribution to retail outlets after May 20, 2020. Any gasoline meeting the conditions of this waiver that is stored in terminal storage tanks for distribution to retail outlets and wholesale purchaser-consumers in these areas after May 20, 2020, may be distributed and sold until the supply is depleted. Likewise, retailers and wholesale purchaser-consumers in these areas may continue selling or dispensing gasoline that meets the conditions of this waiver after May 20, 2020, until their supplies are depleted.

The EPA recognizes that this is an evolving situation that is causing rapid changes to market dynamics. Should conditions warrant, this waiver may be modified, terminated or extended, as appropriate. If you have questions you may call me, or your staff may call Phillip Brooks at (202) 564-0652.

Sincerely,

Andrew R. Wheeler

Enclosure

1. Addressees

cc: The Honorable Dan Brouillette, Secretary of Energy

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2 Note that the RFG regulations at 40 C.F.R. § 80.82(e)(2) imposes restrictions on blending butane into previously certified RFG or RBOB and that prohibition continues to apply and is not waived. This section of the regulation states: “Butane may not be blended with any reformulated gasoline or RBOB during the period April 1 through September 30, or with any reformulated gasoline or RBOB designated as VOC-controlled, under this section.”
The Honorable Kay Ivey  
Governor of Alabama  
State Capitol  
600 Dexter Avenue  
Montgomery, Alabama  36130

The Honorable Doug Ducey  
Governor of Arizona  
State Capitol  
1700 W. Washington  
Phoenix, Arizona  85007

The Honorable Asa Hutchinson  
Governor of Arkansas  
State Capitol  
500 Woodlane Avenue, Room 250  
Little Rock, Arkansas  77201

The Honorable Gavin Newsom  
Governor of California  
State Capitol  
1303 10th Street, #1173  
Sacramento, California  95814

The Honorable Jared Polis  
Governor of Colorado  
200 E. Colfax, Room #136  
Denver, Colorado  80203

The Honorable Ned Lamont  
Governor of Connecticut  
210 Capitol Avenue  
Hartford, Connecticut  06106

The Honorable John Carney  
Governor of Delaware  
Legislative Hall  
Dover, Delaware  19901

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue NW  
Suite 316  
Washington, D.C.  20004

The Honorable Ron DeSantis  
Governor of Florida  
PL 05 The Capitol  
400 S. Monroe Street  
Tallahassee, Florida  32399

The Honorable Brian Kemp  
Governor of Georgia  
203 State Capitol  
206 Washington Street  
Atlanta, Georgia  30334

The Honorable Brad Little  
Governor of Idaho  
700 W. Jefferson, 2nd Floor  
Boise, Idaho  83702

The Honorable JB Pritzker  
Governor of Illinois  
State Capitol  
207 Statehouse  
Springfield, Illinois  62706

The Honorable Eric Holcomb  
Governor of Indiana  
State House, Room #206  
Indianapolis, Indiana  46204

The Honorable Kim Reynolds  
Governor of Iowa  
State Capitol  
1007 E. Grand Avenue  
Des Moines, Iowa  50319

The Honorable Laura Kelly  
Governor of Kansas  
Capitol  
300 SW 10th Avenue, #212S  
Topeka, Kansas  66612

The Honorable Andy Beshear  
Governor of Kentucky  
700 Capitol Avenue, #100  
Frankfort, Kentucky  40601
The Honorable John Bel Edwards  
Governor of Louisiana  
Box 94004  
Baton Rouge, Louisiana 70804  

The Honorable Janet Mills  
Governor of Maine  
1 State House Station  
Augusta, Maine 04333

The Honorable Larry Hogan  
Governor of Maryland  
State House  
100 State Circle  
Annapolis, Maryland 21401

The Honorable Charlie Baker  
Governor of Massachusetts  
State House, Room #360  
Boston, Massachusetts 02133

The Honorable Gretchen Whitmer  
Governor of Michigan  
Box 30013  
Lansing, Michigan 48909

The Honorable Tim Walz  
Governor of Minnesota  
130 State Capitol  
75 Rev. Martin Luther King, Jr. Boulevard  
St. Paul, Minnesota 55155

The Honorable Tate Reeves  
Governor of Mississippi  
Box 139  
Jackson, Mississippi 39205

The Honorable Mike Parson  
Governor of Missouri  
Capitol Building  
Room 216, Box 720  
Jefferson City, Missouri 65102

The Honorable Steve Bullock  
Governor of Montana  
State Capitol  
P.O. Box 200801  
Helena, Montana 59620

The Honorable Pete Ricketts  
Governor of Nebraska  
Box 94848  
Lincoln, Nebraska 68509

The Honorable Steve Sisolak  
Governor of Nevada  
Capitol Building  
101 North Carson Street  
Carson City, Nevada 89701

The Honorable Chris Sununu  
Governor of New Hampshire  
107 N. Main Street, Room #208  
Concord, New Hampshire 03301

The Honorable Phil Murphy  
Governor of New Jersey  
The State House  
Box 001  
Trenton, New Jersey 08625

TheHonorable Michelle Lujan Grisham  
Governor of New Mexico  
State Capitol  
4th Floor  
490 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

The Honorable Andrew Cuomo  
Governor of New York  
State Capitol  
Albany, New York 12224

The Honorable Roy Cooper  
Governor of North Carolina  
20301 Mail Service Center  
Raleigh, North Carolina 27699