

# Vapor pressure Exception – The need for a one-year extension

## NCWM FALS

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# Background and Request

## Background

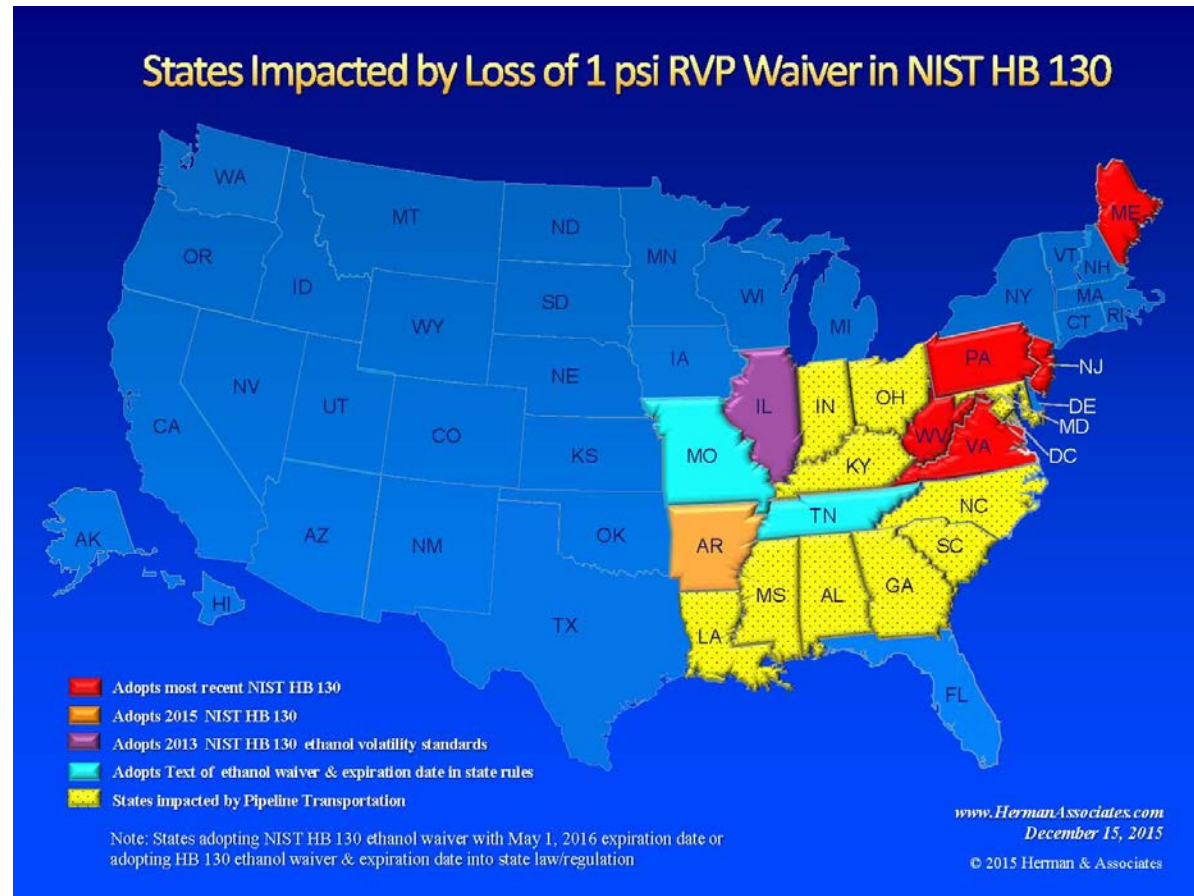
- 2012 debate to move 1-psi exception from HB 130 to ASTM D4814, gasoline spec) to harmonize the documents and prevent inconsistencies
- Recognizing need for technical research by CRC an implementation date of May 1, 2016 was chosen
- CRC completed research showing no driveability issues associated with vapor pressure exception (CRC Report No. 668)
- ASTM ballot of adjudicated December 8 and failed to pass (five negatives of which only one was adjudicated)
  - Significant work must be done to get through ASTM
  - We will continue to work to pass a ballot at ASTM
- Importance of issue requires belts and suspenders approach

## Request:

- **Extend the effective date of the 1-psi vapor pressure exception to May 1, 2017** and make the effective date for this change July 28, 2016

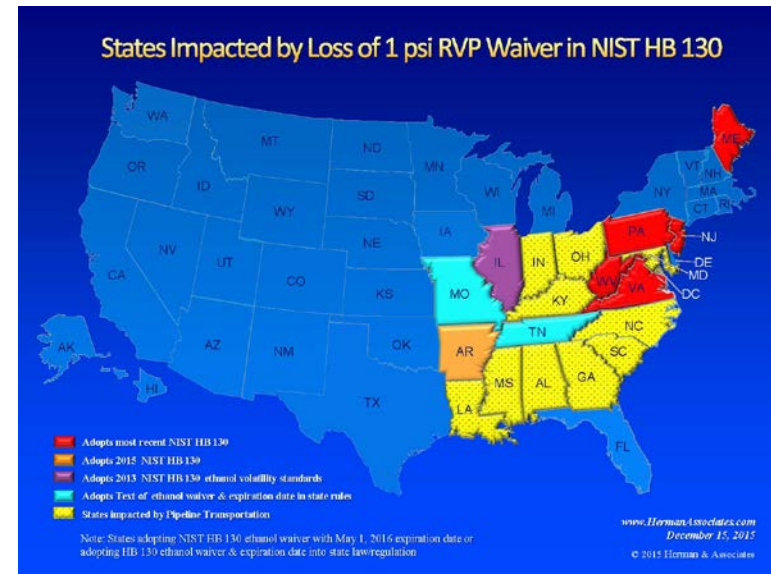
# Possible Impacts to Fuel Supply

- Vapor pressure exception **critical** to the fungibility of the U.S. gasoline supply during the winter months of September 16 to May 31
- 9 states have adopted the vapor pressure exception provided by NIST HB-130
- If the ASTM ballot does not pass, states served by Colonial and Buckeye could be impacted
- Limited by tanks necessary to manage additional products
- Impacts all states along the pipeline

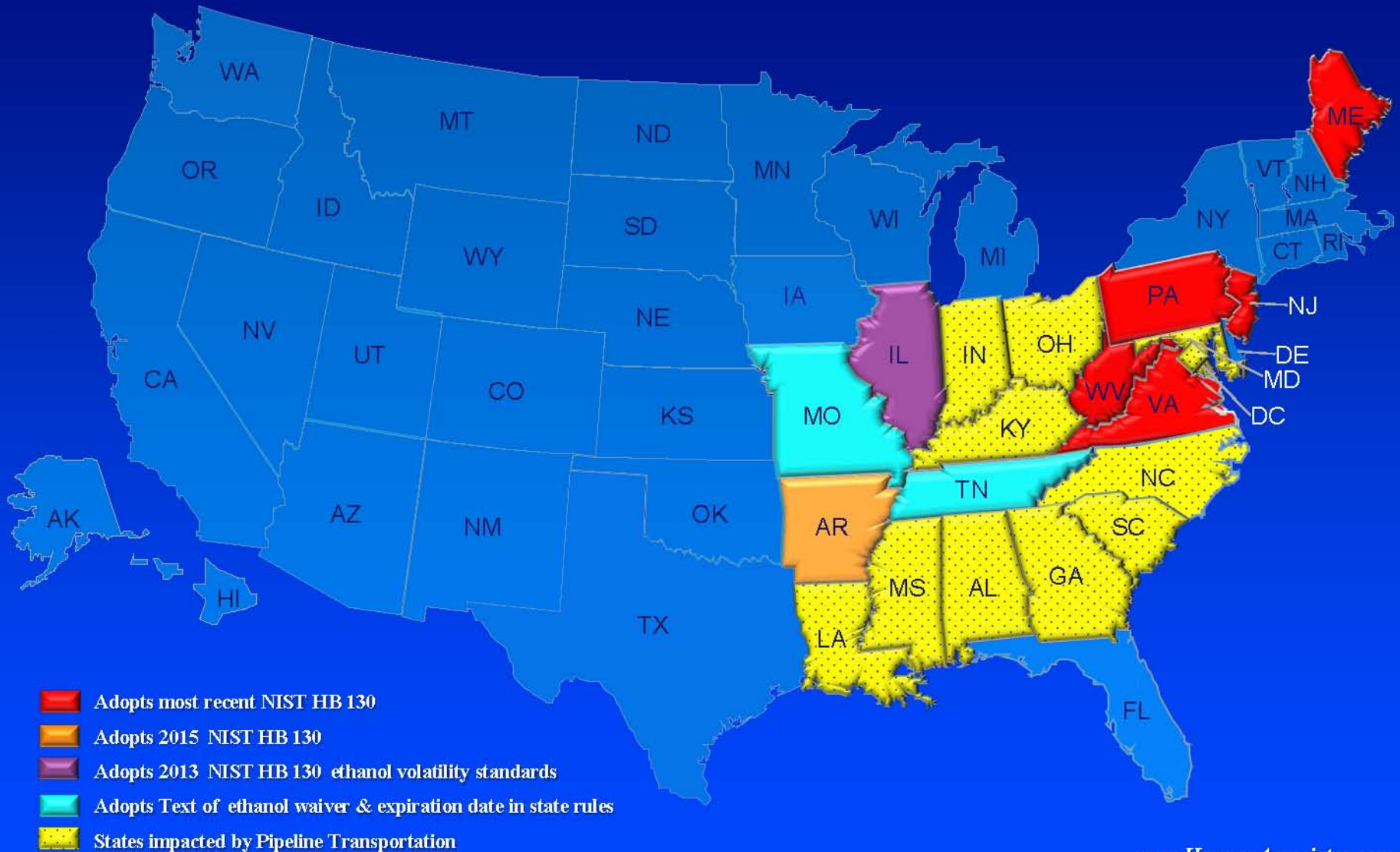


# Possible Impacts to State Supply

- 9 states that would be impacted on May 1, 2016 would be expanded to include an additional 10 states served by Colonial (LA, MS, AL, GA, SC, NC, MD) and by Buckeye (KY, OH and IN) and the District of Columbia.
- Impacts could possibly create fuel shortages in 20 states (and DC) putting upwards pressure on the gasoline markets
- All efforts are being made to ensure that the vapor pressure exception will be implemented in ASTM D4814 in a timely manner so that the U.S. fuel supply will not be negatively influenced.



# States Impacted by Loss of 1 psi RVP Waiver in NIST HB 130



Note: States adopting NIST HB 130 ethanol waiver with May 1, 2016 expiration date or adopting HB 130 ethanol waiver & expiration date into state law/regulation

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# Supporting Evidence

- The 1-psi exception has been in place since 1979, billions of miles of testing
- The NCWM has granted a 1.0 psi RVP exception during the non-summer months and has not had any significant or meaningful impact to the consumer's driveability
- Pipeline companies, Refiners, Marketers (PMAA, NACS, SIGMA, PMAA) are concerned about possible supply impact
- Vapor pressure exception is critical to the fungibility of the U.S. gasoline supply during the winter months of September 16 to May 31
- Without the 1.0 psi (0.5 psi) RVP exception, there is a possibility of reducing supply in nearly all of the states from Illinois to Pennsylvania down to Georgia and back to Arkansas putting upwards pressure on gasoline markets

# Pipeline Concerns Continue Today

“[Magellan is] opposed to the elimination of the [vapor pressure exception] because it would (1) create a boutique fuel in several states (2) reduce pipeline efficiency which would result in supply disruptions (3) reduce gasoline supply by requiring a reduction of RVP and (4) impact the price unsuspecting motorists pay at the pump.” [January 19, 2012]

“It is Colonial’s understanding that all states along our system grant a 1.0 psi waiver for Non-VOC controlled RVP with the exception of Virginia, which adopts the latest version of HB 130. If this proposal were to go into effect, it would create a unique fuel to the State of Virginia markets.” [January 20, 2012]

# Effective date of July 28, 2016 Necessary

## Request:

- Extend the effective date of the 1-psi vapor pressure exception to May 1, ~~2016~~-2017 **and make the effective date for this change July 28, 2016**
- One year extension effective July 28, 2016 ensures vapor pressure exception continues to be available starting September 16, 2016. If the date is effective on January 1 of the following year (2017) then loss of 1.0 psi (and 0.5 psi) waiver from September 16, 2016 to December 31, 2016 with the resulting consequences identified above.



# Effective Date of July 28, 2016 Necessary

- HB 130 allows for effective date to be something other than January 1 of the year following adoption.
- Specifically, Section H of the Introduction, page 6, states, “**Unless otherwise specified**, the new or amended regulations listed in this section are intended to become effective and subject to enforcement on January 1 of the year following adoption by NCWM.” [Emphasis added].
- “**Unless otherwise specified**” allows the NCWM to set the effective date for changes subject to enforcement to any date in the calendar year.
- Date of July 28, 2016, last day of 2016 Annual Conference is an immediate effective date allowing certainty in the market place and assisting in limiting supply disruptions that might be seen by the consumer
- If the vote passes at the Annual Meeting, NIST is considering if there are options to post the change to HB 130 the next day

# Proposal

Amend NIST Handbook 130, Uniform Engine Fuels and Automotive Lubricants Regulation as follows:

**2.1.2. Gasoline-Ethanol Blends.** – When gasoline is blended with ethanol, the ethanol shall meet the latest version of ASTM D4806, “Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel,” and the blend shall meet the latest version of ASTM D4814, “Standard Specification for Automotive Spark-Ignition Engine Fuel,” with the following permissible exceptions:

a. The maximum vapor pressure shall not exceed the ASTM D4814 limits by more than:

(1) 1.0 psi for blends containing 9 to 10 volume percent ethanol from June 1 through September 15.

(2) 1.0 psi for blends containing one or more volume percent ethanol for volatility classes A, B, C, D from September 16 through May 31.

(3) 0.5 psi for blends containing one or more volume percent ethanol for volatility Class E from September 16 through May 31.

- The vapor pressure exceptions in subsections 2.1.2. Gasoline-Ethanol Blends will remain in effect until May 1, ~~2016~~ **2017**, or until ASTM incorporates changes to the vapor pressure maximums for ethanol blends, whichever occurs earlier. **(Effective July 28, 2016)**

# Thank you

## Contact information

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