Winston H. Hickox
Agency Secretary, Cal/EPA

State of California
California Environmental Protection Agency

Gray Davis
Governor

Air Resources Board | Department of Pesticide Regulation | Department of Toxic Substances Control
Integrated Waste Management Board | Office of Environmental Health Hazard Assessment | State Water Resources Control Board | Regional Water Quality Control Board

February 22, 2001

Honorable Christine Todd Whitman, Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Dear Governor Whitman:

Congratulations on your appointment as Administrator of the United States Environmental Protection Agency (U.S. EPA). I look forward to working with you to improve the public health of our citizens.

I am writing to reaffirm California's urgent need for a waiver from the federal reformulated gasoline (RFG) program's oxygen requirement in the Clean Air Act. In March 1999, Governor Davis signed an Executive Order to remove the fuel additive, methyl tertiary butyl ether (MTBE), from California's gasoline supply because it poses an unacceptable risk to California's water resources. California's Phase 3 reformulated gasoline (CaRFG3) regulations will end MTBE use in California no later than December 31, 2002, while preserving the significant air quality benefits we enjoy from cleaner burning gasoline.

Governor Davis first wrote Administrator Browner in April 1999 to request a waiver of the RFG program's oxygen requirement. Since then, staff of the California Air Resources Board (ARB) has worked closely with the U.S. EPA to provide all follow-up information and analysis requested by the U.S. EPA to support our request. We have shown that a waiver will produce additional oxides of nitrogen (NOx) emission reductions and that such reductions are essential to achieving the national ambient ozone and particulate matter air quality standards in California.

In addition, a waiver is needed to help California reduce ground and surface water contamination by MTBE. Refiners will be able to reduce the use of MTBE in California gasoline more quickly if the waiver is issued.

Finally, a waiver will result in significant cost savings to California's motorists. With the waiver, the capital costs of compliance with the CaRFG3 regulations will be at least $100 million less than without the waiver, and the ongoing cost of compliance is expected to be one to two cents per gallon ($140 - $280 million per year) less.

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In a February 14, 2000 letter (enclosed), the U.S. EPA confirmed receipt of California's completed waiver application and indicated they should be able to complete an assessment of the waiver request by early summer. The policy considerations and the technical facts present a compelling case that U.S. EPA has only one viable option - to approve the waiver request as quickly as possible. I once again urge U.S. EPA to act quickly on our request.

The minimum oxygen requirement applies to about 70 percent of all gasoline sold in California. Refiners must now decide how to comply with the MTBE phase-out and must begin to make investments in refinery modifications soon. They need to know whether they have the option to produce non-oxygenated gasoline. A prompt decision is required to facilitate the phase-out of MTBE in the most cost-effective manner, thereby protecting California's consumers.

The California Environmental Protection Agency and the Air Resources Board will continue to make available whatever resources are necessary to expedite the resolution of this matter. I look forward to working with you on this important issue.

If you have any questions or concerns, please do not hesitate to contact me at (916) 323-2514.

Sincerely,

Winston H. Hickox
Agency Secretary

Enclosure