Press Release

OFFICE OF THE GOVERNOR

PR01:238
FOR IMMEDIATE RELEASE
05/22/2001

GOVERNOR DAVIS URGES FEDS TO GRANT CALIFORNIA'S REQUEST FOR OXYGENATE WAIVER 05/22/2001

SACRAMENTO

Governor Gray Davis today sent the following letter to President George W. Bush, urging the President to direct the U.S. Environmental Protection Agency to grant California's request for a waiver of the Federal Minimum Oxygen Requirement:

President George W. Bush
White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Bush:

I am writing to request that you direct the U.S. Environmental Protection Agency to grant California's request for a waiver of the Federal Minimum Oxygen Requirement in gasoline.

California has long been engaged in pioneering efforts to reduce the contribution of motor vehicles to air pollution. As a result of our efforts, California has in recent years experienced a dramatic improvement in air quality. The State has been granted unique authority by the Clean Air Act and the Environmental Protection Agency to administer a State fuels program to reduce motor vehicle emissions. California is the only area in the country where the Federal reformulated gasoline requirements apply in conjunction with comprehensive and demonstrably more effective State standards for cleaner burning gasoline. The California regulations provide complete assurances that a waiver of the Federal Minimum Oxygen Requirement will not result in a loss of any air quality.

Our regulations accomplish the needed emissions reductions without requiring a minimum level of oxygen. Numerous assessments by government agencies, automotive companies and fuels industry experts confirm that a minimum oxygen content is not essential to making reformulated gasoline that meets all emission reduction requirements. Therefore, application of the current minimum oxygen content requirement serves absolutely no purpose in California relative to its intended air quality rationale - to reduce ozone precursors and toxic emissions from vehicles.

In addition to these compelling air quality arguments, gasoline price and supply concerns are growing. The outlook for gasoline supplies throughout the United States this summer is particularly grim. Retail prices are already approaching record levels in many regions of the country, particularly in California. It is imperative that all appropriate steps be taken to minimize the economic burden to consumers and the economy by reducing the mandated use of oxygenates in California's reformulated gasoline.

California's goal to eliminate the use of MTBE from gasoline and to ensure an adequate supply of gasoline for motorists is endangered without a waiver of the Federal Minimum Oxygen Requirement. Without the waiver, California consumers will pay a minimum of $450 million more a year for reformulated gasoline. A waiver would allow refiners and marketers to use reduced quantities of ethanol during periods

of time when supplies are inadequate to meet demand. Supply disruptions can result in a rapid increase in gasoline prices that can persist for several weeks and result in costs to California consumers of nearly $650 million per month.

Rarely is there an opportunity for the Federal Government to take decisive action that can alleviate unnecessary costs in the short term and minimize the potential for gasoline shortages in the long term. Mr. President, I believe that you understand the urgency of this request and have the foresight to direct the Environmental Protection Agency to grant California's request for a waiver of the Federal Minimum Oxygen Requirement.

Sincerely,

GRAY DAVIS

In March of 1999, citing a UC Davis study that found MTBE poses an environmental threat to groundwater and drinking water, Governor Davis issued an Executive Order directing a removal of MTBE by December 31, 2002. In April of 1999, the State of California formally requested a waiver from the U.S. EPA's Federal Minimum Oxygen Requirement. For more information on the basis for California's waiver request, click on the following links:
http://calepa.ca.gov/Programs/mtbe/GovUSEPA.htm
http://calepa.ca.gov/Programs/mtbe/O2Waiver.htm