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April 12, 2001

Notification that Early Compliance With the California Phase 3 Reformulated Gasoline (CaRFG3) Standards Is Being Allowed

INTERESTED PARTIES ARE HEREBY NOTIFIED that, as of April 19, 2001

(1) Any producer or importer of California gasoline may choose to comply with the CaRFG3 refinery limits that apply starting December 31, 2002, as an alternative to the California Phase 2 Reformulated Gasoline (CaRFG2) refinery limits, with respect to any batch of gasoline supplied from a California production or import facility on or after that date; and

(2) The CaRFG2 cap limits for Reid vapor pressure (RVP) and aromatics will become 7.20 psi and 35.0 volume percent respectively for all California gasoline downstream of the production or import facility.

Background. California gasoline supplied from California refineries and import facilities starting December 31, 2002, must meet the CaRFG3 standards, which include a prohibition of the use of the additive methyl tertiary-butyl ether (MTBE). Until that time, the gasoline is subject to the CaRFG2 standards. While the CaRFG3 standards have been determined to maintain or improve upon emissions and air quality benefits achieved by CaRFG2, there are two properties for which the CaRFG3 "cap" limits are less stringent than the CaRFG2 cap limits – Reid vapor pressure, or RVP (7.20 vs. 7.00 pounds per square inch) and aromatics content (35.0 vs. 30.0 volume percent)

The California Reformulated Gasoline (CaRFG) regulations include a mechanism under which a refiner may ask to be permitted to produce at its refinery batches of gasoline that are subject to the CaRFG3 standards prior to December 31, 2002. The opt-in mechanism is contained in section 2261(b)(3), title 13, California Code of Regulations. To qualify, the refiner must identify the approximate date by which it intends to start supplying CaRFG3 from its refinery, and demonstrate both that it is capable of supplying from its refinery substantial quantities of one or more grades of gasoline meeting the CaRFG3 standards, and that it intends to do so. Once the Air Resources Board's (ARB's) Executive Officer grants such a request and identifies a start date, all

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California Environmental Protection Agency

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refiners and importers are permitted to supply batches of gasoline from refineries and import facilities designated as meeting the CaRFG3 standards. In addition, the CaRFG3 cap limits for RVP and aromatics content become applicable as the CaRFG2 cap limits.)

On April 19, 2001, the Executive Officer issued Executive Order G-001-007, granting a refiner's request for early CaRFG3 opt-in starting April 19, 2001. The refiner's written notification and request, which was submitted March 19, 2001, was claimed to be confidential on the ground it contained trade secret information. Executive Order G-001-007 contains the required findings and has been posted on the ARB's Internet site at :www.arb.ca.gov.

The option of producing gasoline subject to the CaRFG3 standards is not limited to the refiner that submitted the request; it is now available to all producers and importers. It may be done on a batch-by-batch basis. Whenever a producer or importer is supplying a final blend of gasoline subject to the CaRFG3 standards, all required notifications to the ARB must indicate that the blend is subject to the CaRFG3 standards. The CaRFG3 regulations provide for an automatic adjustment of the RVP and aromatics cap limits for gasoline downstream from the refinery or import facility to assure that downstream gasoline remains fungible. The preexisting CaRFG2 cap limits will continue to apply to gasoline when it is supplied from the production or import facility subject to the CaRFG2 standards.

If you have any questions regarding early compliance with the CaRFG3 standards, please contact Mr. Tom Jennings, ARB Senior Staff Counsel at (916) 323-9608 or wjennings@arb.ca.gov