Press Release

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STATEMENT BY GOVERNOR GRAY DAVIS ON

BUSH ADMINISTRATION DENIAL OF CALIFORNIA'S OXYGENATE WAIVER REQUEST

SACRAMENTO

Governor Gray Davis today issued the following statement on the decision by the U.S. Environmental Protection Agency's denial of California's request of a waiver of the Federal Minimum Oxygen Requirement in gasoline:

"I'm extremely disappointed with the Bush Administration's decision today to deny California's waiver request," Governor Davis said. "Their decision means significantly higher gasoline prices at the pump and calls into question whether California will have an adequate gas supply. Moreover, the decision by the Bush Administration does nothing to improve air quality."

According to the California Energy Commission, California consumers will now pay at least $450 million more per year for their gasoline because refineries must invest in more expensive equipment with higher operating costs in order to use ethanol.

In addition, the California Energy Commission estimates that if ethanol supplies are inadequate or if refineries encounter problems in their race to install special equipment, California consumers could see gasoline shortages and price spikes of as high as 50 cents per gallon. This equates to an additional $650 million per month.

This waiver would have provided California's refiners with the needed flexibility to ensure cleaner air, ground, and surface water, while ensuring affordable and available gasoline for California's consumers.

"I have asked the Secretary of California's Environmental Protection Agency, Winston Hickox, to immediately evaluate what this disappointing decision means for California and to report back with options for moving forward within 90 days," Governor Davis said.