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May 31, 2022

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814
Submitted via email: cleancars@arb.ca.gov

RE: POET COMMENTS ON APRIL 12, 2022 CARB PROPOSED ACC II REGULATIONS INITIAL STATEMENT OF REASONS

POET appreciates the opportunity to provide comments in response to the April 12, 2022 California Air Resources Board (CARB) Proposed Advanced Clean Cars (ACC) II Regulations Initial Statement of Reasons (ISOR). The proposed ACC II regulations seek to reduce criteria pollutant and greenhouse gas emissions from new light- and medium-duty vehicles beyond the 2025 model year.

POET is deeply committed to decarbonizing transportation and developing cleaner, affordable alternatives to fossil fuels in California and across the United States. California's air quality and climate challenges require fast and significant reductions from light- and medium-duty vehicles. Low-carbon liquid fuels align with and complement California's electrification strategy. There is an important and ongoing role for biofuels as the state works toward achieving carbon neutrality pursuant to Executive Order B-55-18.[1]

About POET

POET is the world's largest biofuels producer and currently operates 33 biorefineries capable of producing three billion gallons of starch and cellulosic biofuel. Renewable clean-burning biofuel like that produced by POET **cuts carbon emissions by an average of 46 percent compared to gasoline**, which can have an enormous impact on reducing greenhouse gas emissions from the transportation sector.[2]

POET continues to innovate and further reduce its products' greenhouse gas emissions. POET's project Gradable illustrates the potential greenhouse gas emissions reductions achievable through sustainable farming. POET worked with the Farmers Business Network and Argonne National Labs to create Gradable, a pilot program to encourage sustainable farming, validate data inputs, and calculate carbon intensity scores for agricultural inputs.

[1] EO B-55-18
[2] Melissa J Scully et al *Carbon Intensity of Corn Ethanol in the United States: State of the Science,* 2021

POET believes that if coupled with a source of value for carbon, the Gradable program could enable reductions in agricultural emissions associated with biofuel production by 50% or more.

Comments in Response to the Proposed ACC II Regulation ISOR

POET offers the following comments for CARB's consideration.

1. **ACC II must secure all immediate cost-effective emissions reductions from California's vehicle fleet.**

According to the proposal, mobile sources are the greatest contributor to criteria pollutants and greenhouse gas emissions in California, accounting for about 80 percent of ozone precursor emissions and approximately 50 percent of statewide greenhouse gas emissions.[3] As also noted in the proposal, emissions reductions that will be achieved through the ACC II rule are critical to reaching carbon neutrality and California's State Implementation Plan goals for air quality.[4] As an alternative to petroleum, advanced biofuels can deliver significant and immediate greenhouse gas and air quality benefits.

Recent analysis from Environmental Health & Engineering shows that corn ethanol has a 46 percent average lower carbon intensity than gasoline.[5] As highlighted in the analysis, innovations across the biofuel production lifecycle have resulted in increasingly cleaner liquid biofuels. POET's continued innovation will only drive down the carbon intensity of conventional and advanced biofuels further. Applied across the California light- and medium-duty fleets, the emission benefits of displacing fossil fuels with clean-burning biofuel are significant. For example, shifting from E10 to E15 in California would cut 1.8 million metric tons of greenhouse gas emissions from the state's transportation sector annually – the equivalent of removing 411,000 cars off the road each year.[6] Renewable fuel blends, like E15, could also provide meaningful cost savings to California drivers.[7]

2. **Higher biofuel blends provide immediate air quality and public health benefits in California.**

Recent analyses from leading national experts demonstrate air quality and public health benefits from higher biofuel blends, particularly in disadvantaged communities. The first study is the first large-scale analysis of data from light-duty vehicle emissions that examines real-world impacts of ethanol-blended fuels on regulated air pollutant emissions, including particulate matter (PM), carbon monoxide (CO), and total

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[3] See ACC II ISOR
[4] *Id.*
[5] See Carbon intensity of corn ethanol in the United States: state of the science
[6] See GHG Benefits of 15% Ethanol (E15) Use in the United States.
[7] See Attachment A, Evaluation of Potential E15 Sales In California

hydrocarbons (THC).[8] The study found that CO and THC emissions were significantly lower for higher ethanol fuels for port fuel injected (PFI) engines under cold-start conditions. THCs include VOCs, meaning that both primary ozone precursors decreased with higher ethanol blends.

A second recent analysis builds on that work and demonstrates ethanol-associated reductions in emissions of primary PM, CO, and THC.[9] Key findings of the study include:

- PM emissions decreased with increasing ethanol content under cold-start conditions. Primary PM emissions decreased by 15 percent - 19 percent on average for each 10 percent increase in ethanol content under cold-start conditions. Cold start PM emissions have consistently been shown to account for a substantial portion of all direct tailpipe PM emissions from motor vehicles. Lower PM emissions result in lower ambient PM concentrations and exposures, which, in turn, are causally associated with lower risks of total mortality and cardiovascular effects.

- Emissions of CO and THC generally decreased with increasing ethanol fuel content under cold running conditions, while NOx emissions did not change.

- Air toxic emissions showed lower BTEX, 1-3 butadiene, black carbon, and particle number emissions with increasing ethanol content in summer market fuels.

- Higher blends of ethanol fuels may be particularly beneficial for disadvantaged communities with high traffic density and congestion and are thus exposed to disproportionately higher concentrations of PM emitted from motor vehicle tailpipes. Vehicle trips within these communities tend to be short in duration and distance, with approximately 50% of all trips in dense urban communities under three miles long. As a result, a large proportion of these vehicle trips occur under cold start conditions when PM emissions are highest.

The air quality benefits demonstrated in these studies show that biofuel can play a key role in helping CARB meet state climate goals and achieve federal and state air quality standards.

CARB must ensure that the ACC II rulemaking captures the substantial climate, air quality, and economic benefits that biofuels can provide in California.

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[8] See Comprehensive US database and model for ethanol blend effects on regulated tailpipe emissions
[9] See Attachment B, Potential Air Quality and Public Health Benefits of Real-World Ethanol Fuels

3. **Planning for the cleanest possible legacy vehicle fleet in California begins now.**

California will have a significant fleet of internal combustion vehicles on its roads for decades. Under current scenarios, vehicles powered by fossil fuels will continue to dominate new car sales in the state for the foreseeable future, even as California works to achieve its goal pursuant to Executive Order N-79-20 that all new passenger vehicles sold be zero-emission by 2035. Even if the state successfully achieves this goal, millions of internal combustion engine-powered vehicles will be driven on California's roads well after 2035.

To meet and maintain climate and air quality goals in the future, it is imperative that CARB start planning now for achieving the maximum amount of emission reductions from existing cars and trucks by developing rules that will equip them to run on increasingly clean liquid fuels like advanced biofuel and renewable gasoline that can displace fossil fuel. Technologies like renewable gasoline and advanced biofuel with carbon capture and sequestration – both of which POET is actively exploring – can deliver zero- and negative-carbon intensity solutions in the transportation sector. In addition to electrification, CARB should ensure that the ACC II rules consider, support, and take advantage of these technologies as all approaches to decarbonizing transportation will be needed to meet the state's climate and air quality goals.

Conclusion

At POET, our mission is to cultivate a world in harmony with nature, where everyone has equal access to affordable, environmentally conscious fuel choices. We are constantly innovating to make biofuel production more efficient while developing more renewable bioproducts that will pave the way to a smarter, more sustainable future. POET can assist in the short-term as California transitions to 100 percent electrification and scales up efforts to achieve carbon neutrality by 2045. We thank CARB for this opportunity to comment and look forward to working with you.

Sincerely,

Matt Haynie
Senior Regulatory Counsel

Attachment A

EVALUATION OF POTENTIAL E15 SALES IN CALIFORNIA

Edgeworth Economics

April 5, 2022

I. Introduction

Blending ethanol into gasoline provides a variety of benefits for consumers, the environment, and the U.S. economy more generally. Domestically produced ethanol has largely replaced other fuel additives (which may be harmful to health, more expensive, and/or less effective), and further reduces the need for imported crude oil, reduces carbon emissions, and reduces the total costs to produce gasoline. Most gasoline sold at retail today is a blend known as "E10" which contains approximately 10 percent ethanol combined with petroleum-based gasoline blendstock.

These benefits, however, are not limited to a 10-percent ethanol blend. Increasing the share of ethanol in gasoline is a trend that has accelerated around the U.S. in recent years. Increasing the ethanol blend up to 15 percent ("E15") results in gasoline with comparable quality to E10, while providing proportionately more of the benefits noted above. In 2012, the U.S. Department of Energy (DOE) conducted a rigorous test of E15 across a range of engine types and found no adverse impact on any measure of performance, including fuel economy as well as maintenance, stating:[1]

> The Energy Department testing program was run on standard gasoline, E10, E15, and E20. The Energy Department test program was comprised of 86 vehicles operated up to 120,000 miles each using an industry-standard EPA-defined test cycle (called the Standard Road Cycle). *The resulting Energy Department data showed no statistically significant loss of vehicle performance (emissions, fuel economy, and maintenance issues) attributable to the use of E15 fuel compared to straight gasoline.*

Currently, E15 is offered for sale in 30 states. However, the largest market for gasoline in the U.S., California, has yet to approve E15 for retail sale. This paper analyzes trends in E15 sales across the U.S. and assesses the potential benefits for California consumers and retailers from the introduction of that fuel blend.

II. Cost-Related Benefits of E15 to Consumers and Gasoline Retailers

As noted above, in addition to benefits related to energy security and sustainability, the use of E15 provides potential savings for consumers and retailers based on the difference in the wholesale cost of the components of E15 relative to E10. In particular, ethanol generally sells for less, per gallon, than gasoline blendstock, and the generation of credits under the national Renewable Fuel Standard program (known as Renewable Identification Numbers or "RINS") when blending ethanol into gasoline provides additional value from increasing the proportion of ethanol in retail gasoline. In California, ethanol provides further benefits due to the Carbon Intensity ("CI") value under the Low Carbon Fuel Standard ("LCFS") program. The

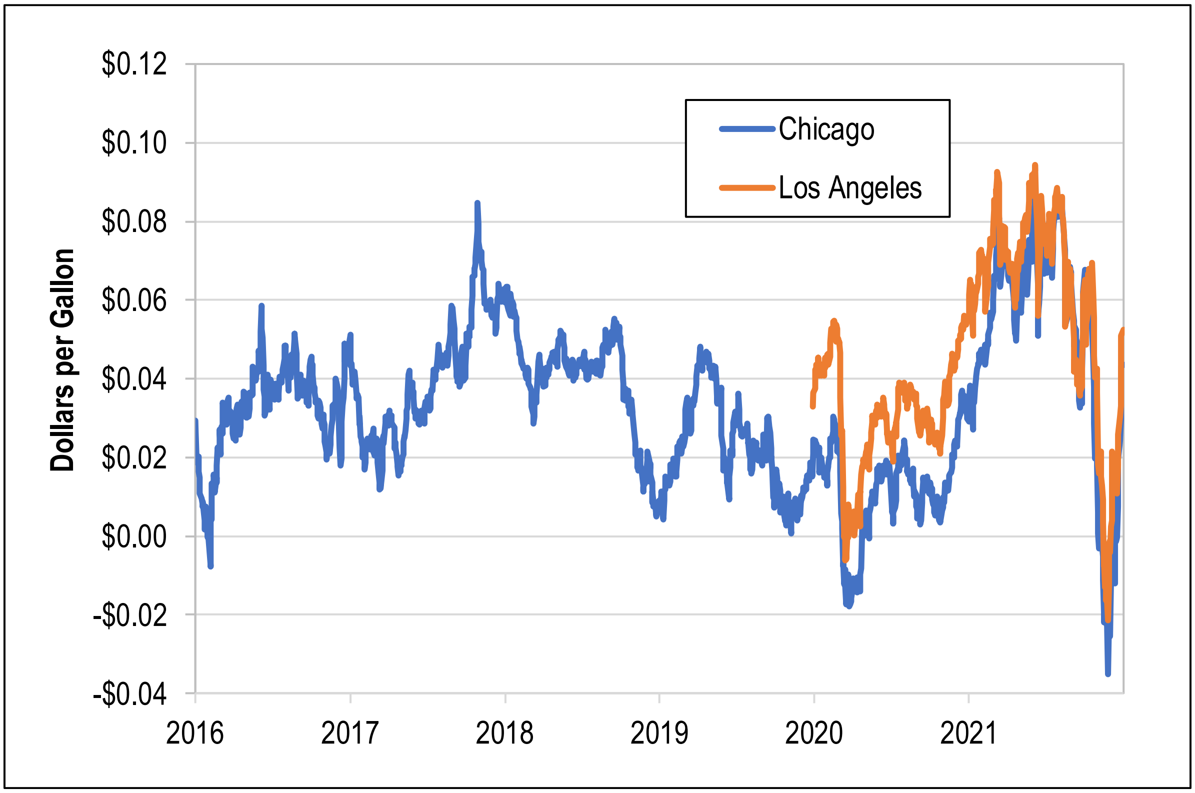
[1] DOE, "Getting It Right: Accurate Testing and Assessments Critical to Deploying the Next Generation of Auto Fuels," May 16, 2012 (emphasis added), available at www.energy.gov/articles/getting-it-right-accurate-testing-and-assessments-critical-deploying-next-generation-auto.

savings generated by E15 relative to E10 can be calculated from the wholesale prices of gasoline blendstock, ethanol, D6 (conventional) RINs, and (for California) CI value as follows:[2]

E15 Savings Relative to E10 per Gallon of Gasoline = (Blendstock Price - Ethanol Price + RIN Price + CI Value) × 5%

Using this formula, the savings as measured at Los Angeles and Chicago generally have fluctuated between zero and 8 cents per gallon over the last several years, as shown in Figure 1.[3] In 2021, the E15 discount averaged $0.051 per gallon using Chicago pricing and $0.060 per gallon using Los Angeles pricing combined with the CI value in California.

Figure 1
E15 Savings Relative to E10 (Wholesale), 2016 – 2021



Source: OPIS and Edgeworth Economics calculations (see text).

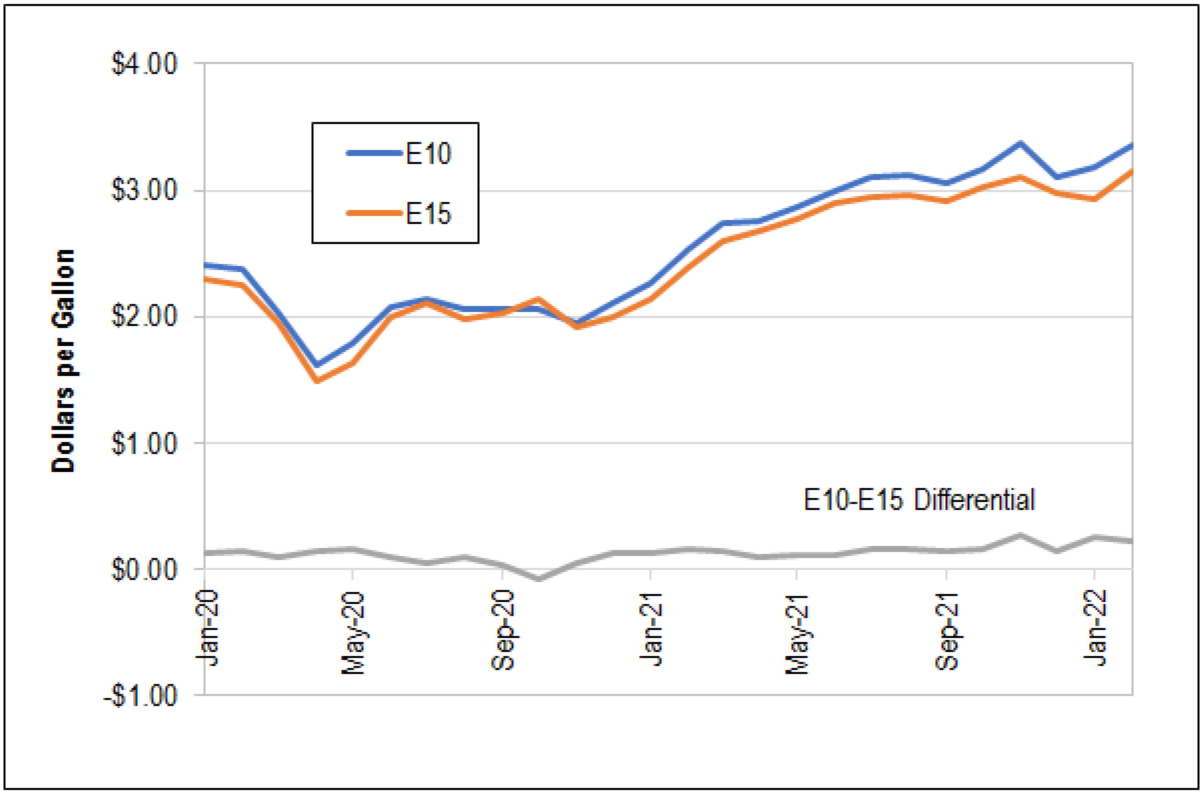
Moreover, these savings apparently are being passed on to consumers, as retail price differentials have generally equaled, if not exceeded, the wholesale differentials in recent months. As shown in Figure 2,

[2] For this calculation, the OPIS ethanol quote for Los Angeles is assumed to incorporate a CI score of 79.9. The average CI score for actual ethanol volumes in California is assumed to be 58.6, based on 2020 values. [RFA, "The California LCFS and Ethanol: A Decade of Reducing Greenhouse Gas Emissions," May 2021]

[3] As shown in Figure 1, for brief periods the discount for E15 relative to E10 has fallen below zero due to temporary increases in the prices of ethanol relative to gasoline blendstock, two fuels which otherwise generally move in similar directions. A variety of circumstances can lead to these conditions; but they usually last for short periods and usually are related to the higher volatility of gasoline prices relative to ethanol prices. For example, CBOB prices fell substantially in March-April 2020 due to conditions associated with the COVID pandemic, while ethanol prices were affected less significantly. The opposite circumstances occurred in late-2021, when CBOB prices rose significantly for about two months, while ethanol prices remained relatively flat.

according to data self-reported by certain stations to the Renewable Fuels Association ("RFA"), the discount for E15 relative to E10 has averaged approximately $0.12 per gallon since January 2020.[4]

Figure 2
Average E10/E15 Differential at Retail, January 2020 – February 2022



Source: RFA website, e85prices.com.
Note: These averages are based on self-reporting to RFA by dozens of stations across approximately 20 states.

III. E15 Sales/Station Growth

The experiences from a number of states across the U.S. demonstrate the potential for E15 growth in California. E15 was introduced in a few states in 2012, and growth in terms of the number of stations offering the product as well as sales per station began to accelerate around 2016/2017. While corn-producing states in the Midwest have led the industry, with some states now offering E15 at more than 5 percent and even more than 10 percent of all gas stations, significant gains have been seen in many other states, including large states distant from the corn-growing region such as Florida and Pennsylvania. Nationwide, there are now approximately 2,600 stations that offer E15 across 30 different states (see Table 1). This figure has more than doubled in just the last four years, as shown in Figure 3.

[4] There are a variety of reasons why retail discounts for E15 may exceed the wholesale values, as calculated above. For example, some stations may choose to price E15 below the notional spread from E10 as a loss leader. Other stations may expect different assessments by consumers regarding the octane value of ethanol-based fuels. Finally, the stations reporting E15 prices to RFA may not be representative of the entire industry due to regional factors or particular marketing strategies.

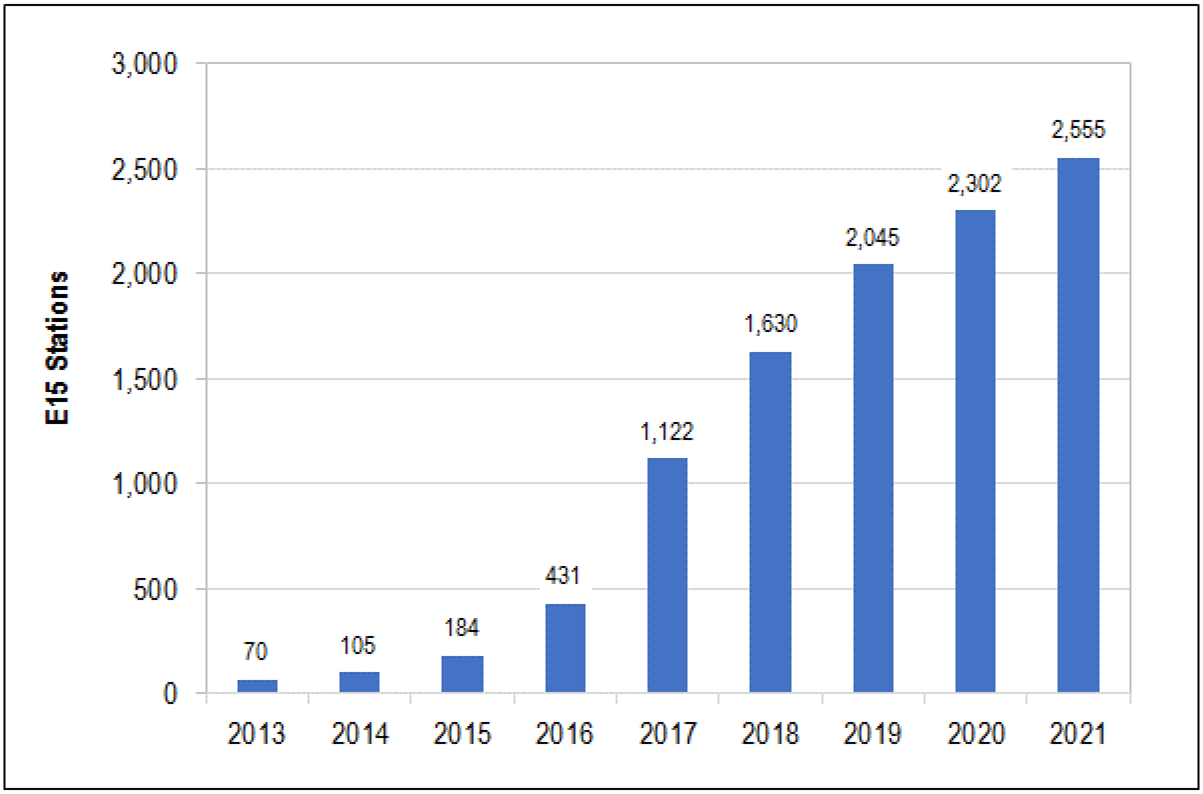
Table 1
Gas Stations Offering E15, by State, as of January 2022

State	Stations Offering E15	% of All Stations in the State
MN	372	14.4%
WI	302	9.1%
IA	274	12.6%
TX	196	1.6%
FL	186	2.3%
PA	155	3.7%
IL	135	3.8%
NE	110	7.8%
GA	95	1.2%
NC	85	1.5%
AL,AR,CO,IN,KS,KY,LA,MD,MI,MO,MS,ND,NM, OH,OK, SD,TN,VA,WV,WY	653	1.3%
AK,AZ,CA,CT,DC,DE,HI,ID,MA,ME,MT,NH,NJ, NV,NY, OR,RI,SC,UT,VT,WA	0	0.0%
U.S. Total	**2,563**	**1.8%**

Sources: RFA station list, as of January 2022; DOE website, afdc.energy.gov/files/u/data/data_source/10333/10333_gasoline_stations_year.xlsx.

Note: Total number of gas stations is based on 2012 data from the NACS, extrapolated to 2022 based on the 2007-2012 trend.

Figure 3
Total Number of Gas Stations in the U.S. Offering E15, 2013 – 2021



Source: RFA.

Two states, Iowa and Minnesota, have tracked E15 sales at the station level and publish data that allows a more granular assessment of these trends. As shown in Table 2, over the last few years, these two states have seen rapid increases in both the number of stations offering E15 as well as the volume of E15 sales per station, resulting in compound annual growth rates ("CAGR") for total E15 sales in the range of 80 to 90 percent annually over the 5-year period through 2020. Prior to the COVID pandemic in 2020, which caused substantial declines in nationwide gasoline consumption, E15 growth was even more rapid, with 4-year average growth rates in the two states exceeding 100 percent—*i.e.*, more than doubling each year. As of 2020, sales of E15 in each of these two states had reached approximately 4 to 5 percent of all gasoline sales.

Table 2
Gas Stations Offering E15 and Total E15 Sales in Iowa and Minnesota, 2016 – 2020

	Iowa				Minnesota			
	Number of Stations Selling E15	E15 Gallons per Station	Total E15 Gallons (Million)	E15 Share of All Gasoline Sales	Number of Stations Selling E15	E15 Gallons per Station	Total E15 Gallons (Million)	E15 Share of All Gasoline Sales
2016	160	34,588	5.5	0.3%	112	50,750	5.7	0.2%
2017	226	122,604	27.7	1.8%	257	74,149	19.1	0.8%
2018	220	161,203	35.5	2.3%	337	177,149	59.7	2.6%
2019	244	200,653	49.0	3.1%	363	217,420	78.9	3.4%
2020	251	241,387	60.6	4.5%	394	190,554	75.1	3.7%
2016-2019 CAGR	15.1%	79.7%	106.8%		48.0%	62.4%	140.3%	
2016-2020 CAGR	11.9%	62.5%	81.9%		37.0%	39.2%	90.6%	

Sources: Minnesota Commerce Department website, mn.gov/commerce/consumers/your-vehicle/clean-energy.jsp; Iowa Department of Revenue website, tax.iowa.gov/report-category/retailers-annual-gallons; and DOE website, www.eia.gov/dnav/pet/pet_cons_prim_a_EPM0_P00_Mgalpd_m.htm.

Note: Total gasoline sales in Minnesota are from DOE estimates of Prime Supplier Sales Volumes of Motor Gasoline.

Due to resistance from the integrated refiners[5], to date most of the growth in E15 sales nationwide has been generated by independent chains (*i.e.*, retailers without refinery/discovery operations) and owners of single stations or a small number of stations. Table 3 lists the major brands currently offering E15 across the U.S.

Table 3
Retail Gas Station Brands Offering E15, as of January 2022

Brand	E15 Stations	% of Total
Kwik Trip	451	17.6%
Casey's General Stores	398	15.5%
Sheetz	325	12.7%
Kum & Go	178	6.9%
RaceTrac	171	6.7%
Murphy USA	75	2.9%
Thorntons	75	2.9%
Kwik Star	73	2.8%
QuikTrip	70	2.7%
Holiday	56	2.2%
Integrated Refiners (e.g., Exxon, Chevron, Shell)	102	4.0%
Other	589	23.0%
Total	**2,563**	100.0%

Source: RFA.

[5] See, for example, American Petroleum Institute website, www.api.org/news-policy-and-issues/fuels-and-renewable-policy/truth-about-e15-fuel.

IV. Potential E15 Sales in California and Savings for Consumers

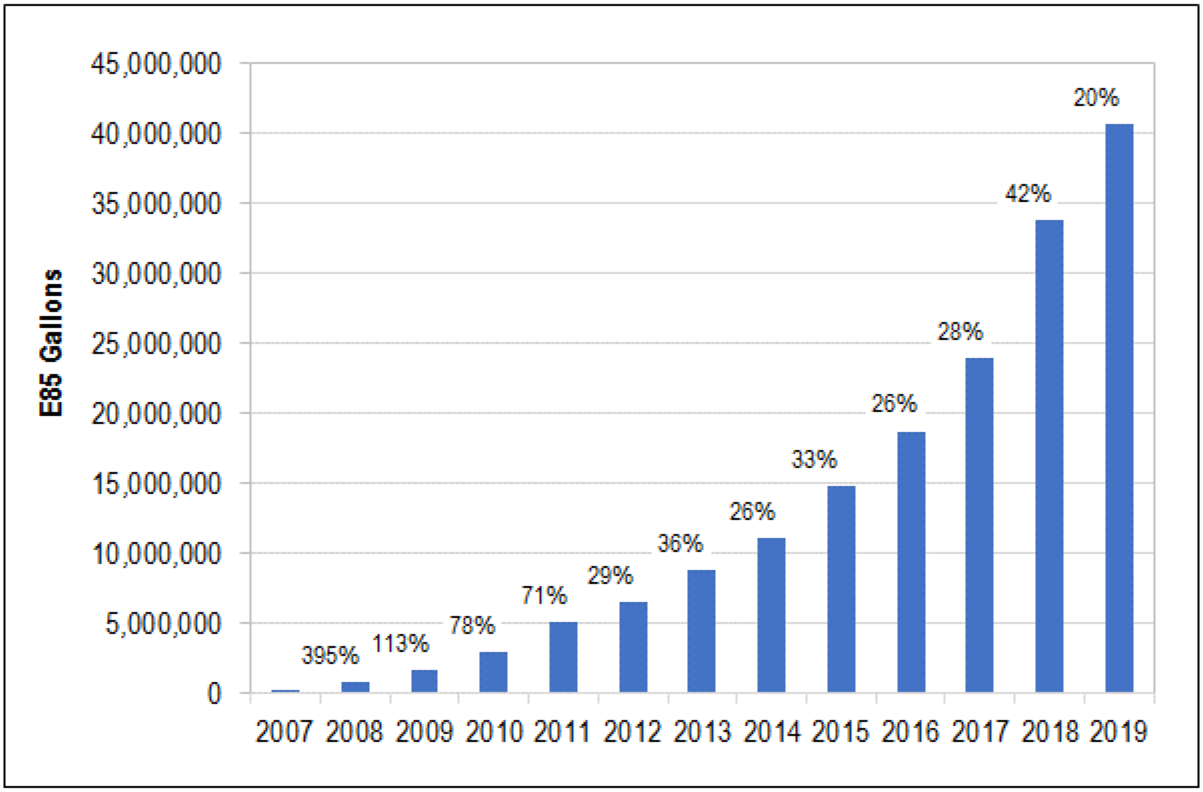
The pattern of growth evident in states that have allowed, and in some cases actively encouraged, the promotion of E15 provides evidence of the potential for E15 sales in California, as does California's own experience with other ethanol-based fuels, in particular E85.

California is home to a large number of independent retailers. Thus, continued resistance from the integrated refiners does not necessarily represent a limitation for the near-term expansion of E15 in California. According to the California Energy Commission, currently about 3,700 (43 percent) of California's approximately 8,700 gas stations are "unbranded" (*i.e.*, not affiliated with the integrated refiners) or operated by "hypermarts" (retailers whose primary business is unrelated to oil/gasoline such as Costco, Sam's Club, and Von's).[6]

This flexibility is evident from the expansion of E85 in California, which also has been led primarily by independent retailers. Currently, about 250 stations in California already offer E85, with total sales volumes exceeding 40,000,000 gallons in 2019. As shown in Figure 4, E85 volumes in California have grown steadily, with an average increase of 30 percent annually during the 5-year period through 2019.

[6] California Energy Commission, *Petroleum Watch*, July 2021, available at www.energy.ca.gov/sites/default/files/ 2021-07/2021-07_Petroleum_Watch.pdf. In addition to these two categories, the CEC notes that ARCO-branded stations, which represent an additional 10 percent of all California stations, purchase unbranded fuel from the rack. (See also, California Energy Commission, *Petroleum Watch*, January 2020, available at www.energy.ca.gov/sites/default/files/2020-02/2020-01_Petroleum_Watch.pdf.)

Figure 4
E85 Sales in California, 2007 – 2019 (with annual growth rate)



Source: California Air Resources Board website, ww2.arb.ca.gov/resources/documents/alternative-fuels-annual-e85-volumes.

If E15 is approved for sale in California, a growth pattern in line with California's own experience with E85 as well as the history of E15 sales in other states would represent a significant addition to California's overall fuel mix and could provide significant savings for consumers. For example, consider that over 13 percent of stations in Iowa and more than 22 percent of stations in Minnesota now offer E15, less than ten years after the first introduction of the product. Moreover, the bulk of that growth has occurred in just the last four years, with total E15 sales growing from less than 1 percent to 4-5 percent of total fuel sales during that period in the two states. If California could attain the same level of E15 penetration, that would represent savings of at least $34 million annually (potentially shared between consumers and retailers), based on recent wholesale fuel prices.[7] If California stations implement pricing strategies more representative of the stations assessed by RFA, as shown in Figure 2, above, then the savings to consumers could be much higher, reaching $67 million annually.[8] Such a transition actually would require

[7] This figure is equal to a price differential of $0.06 per gallon multiplied by 4 percent of California's annual fuel consumption (approximately 14 billion gallons, based on DOE's figure for 2019). [DOE website, www.eia.gov/dnav/pet/pet_cons_prim_a_EPM0_P00_Mgalpd_a.htm]

[8] This figure incorporates a price differential of $0.12 per gallon, based on the retail differential shown in Figure 2, above.

proportionately less participation from gas stations in California than in the Midwest states, since overall sales volumes tend to be significantly higher at California stations.[9]

Moreover, if any of the integrated refiners were to introduce E15 in California, the trend could accelerate even more rapidly. Recent events may indicate that some refiners are positioning themselves for that eventuality. For example, earlier this year Chevron announced that it was spending more than $3 billion to acquire Iowa-based Renewable Energy Group, a company specializing in biofuel production and marketing.[10] Renewable Energy Group currently sells both E15 and E85, and the company's website identifies the benefits of those fuels to include reduced emissions, improved engine performance, and other contributions to the U.S. economy.[11] Chevron operates more than 1,500 gas stations in California, representing about 20 percent of the total.[12] Thus, If Chevron were to introduce E15 in California, the expansion of that fuel's share of the market could increase even more rapidly than the historical trends in the other states, described above. For example, if, in addition to the growth at independent stations, one half of all Chevron stations in California introduced E15 and reached sales levels now experienced in the Midwest states described above (a modest target, given the higher overall gasoline throughput at California stations), savings for California consumers/retailers could reach approximately $43 million to $86 million annually.[13]

V. Transition Costs

The rapid growth in the number of stations offering E15 elsewhere in the U.S. indicates that transition costs are not likely to be a significant impediment to expansion in California. Adding a new fuel blend or replacing a previously sold blend, such as a mid-grade E10, are both feasible solutions for a gas station seeking to include E15 among its choices for retail customers.[14] Pre-blended E15 currently can be obtained from almost 300 terminals located primarily across the Midwest and southern and eastern U.S., an increase from only five terminals as of 2017.[15] If California approves E15 for retail sale, it is likely that wholesalers will begin to offer pre-blended E15 at terminals in California, as well.

Another option is for stations to blend on-site, using E85 and conventional E10. Blender pumps can be installed to replace pre-existing pumps or added in the normal course of expansion or upgrades over time. Blending on-site apparently is a common option for many stations today, as about 80 percent of the stations that currently offer E15 also offer E85.[16] Thus, the 250 gas stations in California that already offer

[9] Average fuel sales per station in California are approximately 1.9 million gallons annually, compared to about 0.7 million in Iowa and 1.1 million in Minnesota (based on DOE figures for 2019) [DOE websites, www.eia.gov/state/?sid=US and www.eia.gov/dnav/pet/pet_cons_prim_a_EPM0_P00_Mgalpd_a.htm]

[10] Renewable Energy Group press release, "Chevron Announces Agreement to Acquire Renewable Energy Group," February 28, 2022, available at www.regi.com/blogs/blog-details/resource-library/2022/02/28/chevron-announces-agreement-to-acquire-renewable-energy-group.

[11] Renewable Energy Group website, www.regi.com/products/transportation-fuels/reg-gasoline-ethanol-blends.

[12] See footnote 6.

[13] This range incorporates the figures calculated above plus additional E15 sales of 200,000 gallons per year at one half of Chevron's 1,559 stations in California (as of 2020).

[14] See, for example, Jerry Soverinsky, "The Case for E15," *NACS Magazine*, February 2018, available at www.nacsmagazine.com/issues/february-2018/case-e15.

[15] Based on data collected by Growth Energy.

[16] RFA station list as of January 2022.

E85 would be likely candidates for early adoption of E15.[17] The cost of a new blender pump, at about $30,000, could be recouped from the savings generated by E15 in no more than one to three years, based on the range of price differentials observed at wholesale and retail, described above.[18]

Moreover, there exist a variety of programs to assist station owners with the introduction of new biofuels. For example, USDA's Higher Blends Infrastructure Incentive Program has made available up to $100 million in grants to expand the availability of biofuels.[19] Some of these funds already have been used to install blender pumps and new tanks at gas stations seeking to offer E85 and/or E15.[20] Private initiatives, such as Growth Energy's "Prime the Pump" program also offer support, including marketing assistance and funding to help cover transition costs.[21]

[17] One company, Pearson Fuels, currently supplies E85 to more than 200 stations in California. [RFA station list and Pearson Fuels website, pearsonfuels.com/e85-gas-stations]

[18] At 200,000 gallons per year (approximately the average throughput for E15 experienced at the stations tracked in Iowa and Minnesota, as described above), savings from selling E15 could generate $10,000 to $20,000 in additional profits per year, based on current wholesale/retail differentials. Moreover, since California gas stations generally experience greater levels of throughput than stations in those Midwestern states, payback of an initial investment in pumps likely would occur even more quickly in California.

[19] USDA website, www.rd.usda.gov/hbiip.

[20] See, for example, Environmental and Energy Study Institute, "E15 Bill Attempts to Solve Ethanol Conundrum," June 16, 2017, available at www.eesi.org/articles/view/e15-bill-attempts-to-solve-ethanol-conundrum.

[21] Growth Energy website, growthenergy.org/wp-content/uploads/2019/11/MDEV-19022-PTP-Overview-2019-11-12.pdf.

Attachment B

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Potential Air Quality and Public Health Benefits of Real-World Ethanol Fuels

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Introduction

For over twenty years, ethanol has been used as a fuel additive in gasoline to boost octane without the harmful impacts on the environment posed by previous fuel additives such as MTBE and lead. While ethanol's benefits to groundwater and lead contamination are well established, uncertainty remains regarding the impacts of ethanol on air quality and public health based on existing literature. This uncertainty largely results from the previous lack of studies that have been conducted using fuels that reflect the actual or real-world composition of gasoline with differing ethanol content.

This document addresses this uncertainty by providing new scientific evidence of the air quality and public health benefits provided by higher ethanol blends. We specifically present findings from our two recent studies, which characterized ethanol blending effects on light duty vehicle regulated emissions of criteria air pollutants[1] and air toxics. Findings from these studies demonstrate ethanol-associated reductions in emissions of key air pollutants and by extension, provide further evidence of the potential for ethanol-blended fuels to improve air quality and public health, particularly for environmental justice communities.

Impact of Ethanol-Containing Fuels on Air Pollutant Emissions

Kazemiparkouhi et al. (2022a) and Kazemiparkouhi et al. (2022b) are the first large-scale analyses of data from light-duty vehicle emissions studies to examine real-world impacts of ethanol-blended fuels on air pollutant emissions, including PM, NOx, CO, and THC (Kazemiparkouhi et al., 2022a), as well as BTEX (benzene, toluene, ethylbenzene, xylene) and 1,3-butadiene (Kazemiparkouhi et al., 2022b). In each study, we used similar approaches. We extracted data from a comprehensive set of emissions and market fuel studies conducted in the US. Using these data, we (1) estimated composition of market fuels for different ethanol volumes and (2) developed regression models to estimate the impact of changes in ethanol volumes in market fuels on air pollutant emissions for different engine types and operating conditions. Importantly, our models estimated these changes accounting for not only ethanol

[1] https://doi.org/10.1016/j.scitotenv.2021.151426

volume fraction, but also aromatic volume fraction, 90% volume distillation temperature (T90) and Reid Vapor Pressure (RVP). Further, our models examined the impacts of ethanol fuels on emissions under both cold start and hot stabilized running conditions and for gasoline-direct injection engines (GDI) and port-fuel injection (PFI) engine types. In doing so, our two papers provided important new information about real-world market fuels and their corresponding air pollutant emissions, as highlighted below.

- ***Aromatic levels in market fuels decreased by ~7% by volume for each 10% by volume increase in ethanol content*** (Table 1)**.** Our findings of lower aromatic content with increasing ethanol content are consistent with market fuel studies by EPA and others, and with octane blending studies (Anderson et al., 2010, Anderson et al., 2012, Stratiev et al., 2017, US EPA, 2017). As discussed in EPA's Fuel Trends Report, for example, ethanol volume in market fuels increased by approximately 6.66% between 2006 and 2016, while aromatics over the same time period were found to drop by 5.4% (US EPA, 2017).

  We note that our estimated market fuel properties differ from those used in the recent US EPA Anti-Backsliding Study (ABS), which examined the impacts of changes in vehicle and engine emissions from ethanol-blended fuels on air quality (US EPA, 2020). Contrary to our study, ABS was based on fuels with targeted properties that were intended to satisfy experimental considerations rather than mimic real-world fuels. It did not consider published fuel trends; rather, the ABS used inaccurate fuel property adjustment factors in its modeling, reducing aromatics by only 2% (Table 5.3 of ABS 2020), substantially lower than the reductions found in our paper and in fuel survey data (Kazemiparkouhi et al., 2022a, US EPA, 2017). As a result, ABS's findings and their extension to public health impacts are not generalizable to real world conditions.

Table 1. Estimated market fuel properties

Fuel ID	EtOH Vol (%)	T50 (^oF)	T90 (^oF)	Aromatics Vol (%)	AKI	RVP (psi)
E0	0	219	325	30	87	8.6
E10	10	192	320	22	87	8.6
E15	15	162	316	19	87	8.6
E20	20	165	314	15	87	8.6
E30	30	167	310	8	87	8.6

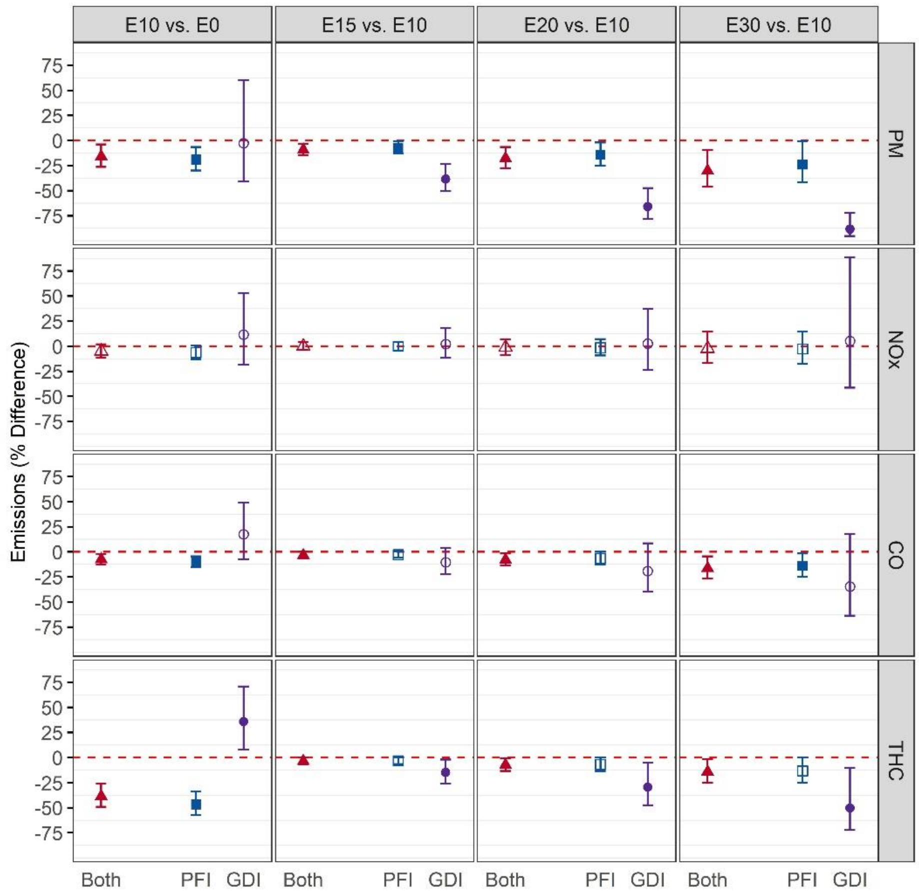
Abbreviations: EtOH = ethanol volume; T50 = 50% volume distillation temperature; T90 = 90% volume distillation temperature; Aromatics=aromatic volume; AKI = Anti-knock Index; RVP = Reid Vapor Pressure.

- ***PM emissions decreased with increasing ethanol content under cold-start conditions.*** Primary PM emissions decreased by 15-18% on average for each 10% increase in ethanol content under cold-start conditions (Figure 1). While statistically significant for both engine types, PM emission reductions were larger for GDI as compared to PFI engines, with 88% and 24% lower PM emissions, respectively, when engines burned E30 as compared to E10. In contrast, ethanol content in market fuels had no association with PM emissions during hot-running conditions.

Importantly, our findings are consistent with recent studies that examined the effect of ethanol blending on light duty vehicle PM emissions. Karavalakis et al. (2014), (2015), Yang et al. (2019a), (2019b), Schuchmann and Crawford (2019), for example, assessed the influence of different mid-level ethanol blends – with proper adjustment for aromatics – on the PM emissions from GDI engines and Jimenez and Buckingham (2014) from PFI engines. As in our study, which also adjusted for aromatics, each of these recent studies found higher ethanol blends to emit lower PM as compared to lower or zero ethanol fuels. Our findings of PM reductions are also consistent with recently published studies, for example from a California Air Resources Board (CARB) study (Karavalakis et al., 2022, Tang et al., 2022) that assessed the impact of splash-blending E10 to E15 on PM and other air pollutant emissions for late model year vehicles (2016-2021). The CARB study found a 16.6% reduction in cold start PM in comparison to a 23% PM reduction for E15S versus E10 in our study.

Together, our findings support the ability of ethanol-blended fuels to offer important PM emission reduction opportunities. Cold start PM emissions have consistently been shown to account for a substantial portion of all direct tailpipe PM emissions from motor vehicles, with data from the EPAct study estimating this portion to equal 42% (Darlington et al., 2016, US EPA, 2013). The cold start contribution to total PM vehicle emissions, together with our findings of emission reductions during cold starts, suggest that a ***10% increase in ethanol fuel content from E10 to E20 would reduce total tailpipe PM emissions from motor vehicles by 6-8%.***

Figure 1. Change (%) in cold-start emissions for comparisons of different ethanol-content market fuels[a]

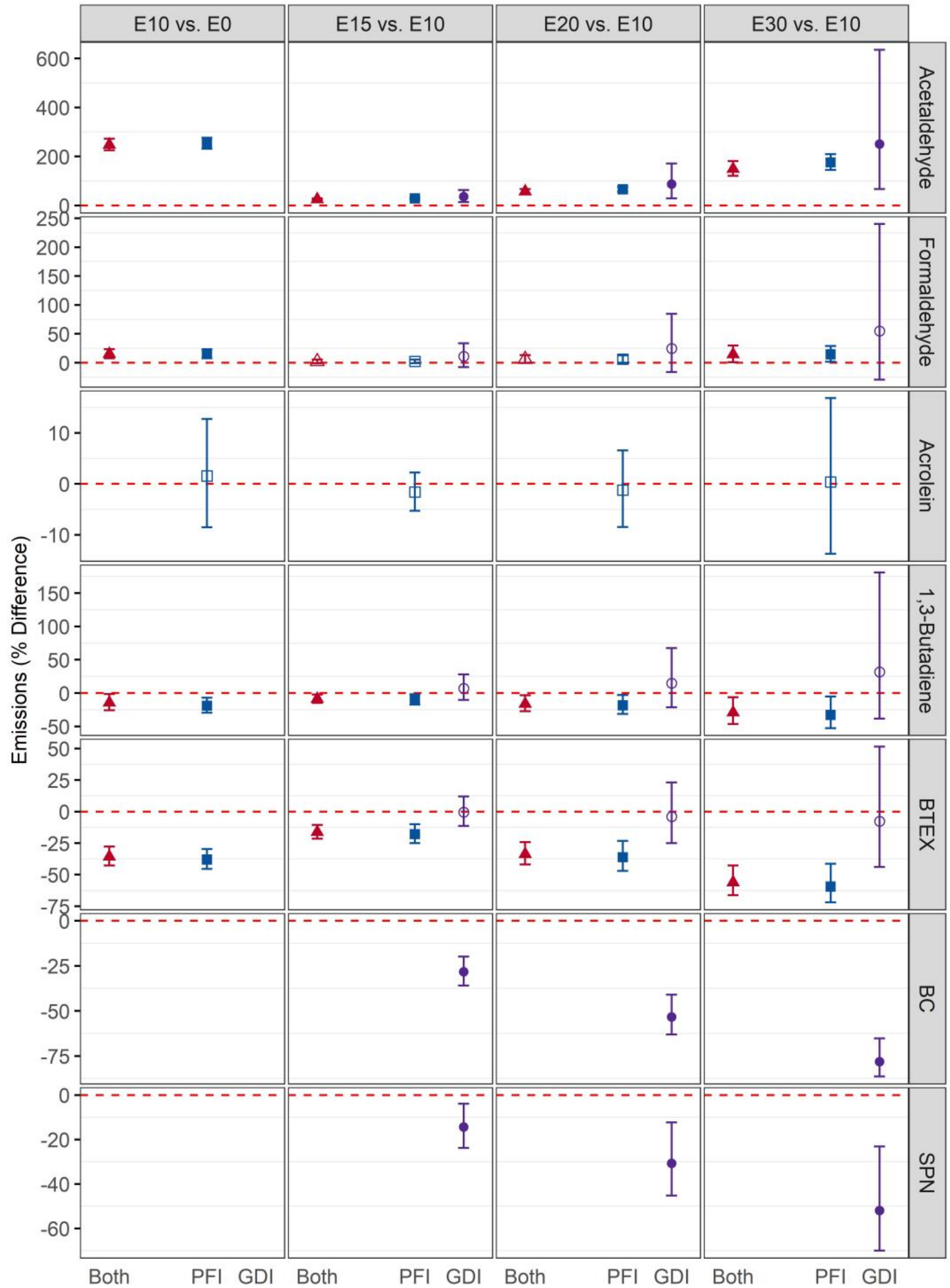


[a] Emissions were predicted from regression models that included ethanol and aromatics volume fraction, T90, and RVP as independent variables (Kazemiparkouhi et al., 2022a)

- ***Emissions of CO and THC generally decreased with increasing ethanol fuel content under cold running conditions, while NOx emissions did not change*** **(**Figure 1). The magnitude of the decrease in CO and THC emissions were comparable to those from the CARB-sponsored Karavalakis et al. (2022) study, which also found significant reductions in cold start THC and CO emissions for splash blended E15, with reductions of 6.1% and 12.1%, respectively. Under hot running conditions, CO, THC and NOx emissions were comparable for each of the examined ethanol fuels. Together, these findings add to the scientific evidence demonstrating emission reduction benefits of ethanol fuels for PM that are achieved with no concomitant increase in emissions for CO, THC, and NOx.

- ***Air toxic emissions showed lower BTEX, 1-3 butadiene, black carbon, and particle number emissions with increasing ethanol content*** in summer market fuels (Figure 2). Acrolein emissions did not vary with ethanol fuel content, while formaldehyde emissions showed little to no significant change with increasing ethanol fuel content. As expected, emissions of acetaldehyde, produced directly from ethanol combustion, increases with ethanol content. Notably, our findings are similar to those from the CARB study of splash-blended fuels (Karavalakis et al., 2022), for which ethylbenzene and xylene were significantly reduced by ~10% for splash-blended E15 (No significant change for Benzene and Toluene).

Figure 2. Change (%) in cumulative run toxics emissions for comparisons of different ethanol-content market fuels[a]



[a] Emissions were predicted from regression models that included ethanol and aromatics volume fraction, T90, and RVP as independent variables (Kazemiparkouhi et al., 2022a)
SPN = Solid Particle Number

Implications for Public Health and Environmental Justice Communities

The estimated reductions in air pollutant emissions, particularly of PM, indicate that increasing ethanol content offers opportunities to improve air quality and public health. As has been shown in numerous studies, lower PM emissions result in lower ambient PM concentrations and exposures (Kheirbek et al., 2016, Pan et al., 2019), which, in turn, are causally associated with lower risks of total mortality and cardiovascular effects (Laden et al., 2006, Pun et al., 2017, US EPA, 2019, Wang et al., 2020).

The above benefits to air quality and public health associated with higher ethanol fuels may be particularly great for environmental justice (EJ) communities. EJ communities are predominantly located in urban neighborhoods with high traffic density and congestion and are thus exposed to disproportionately higher concentrations of PM emitted from motor vehicle tailpipes (Bell and Ebisu, 2012, Clark et al., 2014, Tian et al., 2013). Further, vehicle trips within urban EJ communities tend to be short in duration and distance, with approximately 50% of all trips in dense urban communities under three miles long (de Nazelle et al., 2010, Reiter and Kockelman, 2016, US DOT, 2010). As a result, a large proportion of urban vehicle operation occurs under cold start conditions (de Nazelle et al., 2010), when PM emissions are highest. Given the evidence that ethanol-blended fuels during cold-start conditions substantially reduce PM, CO, and THC emissions while keeping NOx emissions constant, it follows that ethanol-blended fuels may represent an effective method to reduce PM health risks for EJ communities.

Summary

Findings from Kazemiparkouhi et al. (2022a, 2022b) provide important, new evidence of ethanol-related reductions in vehicular emissions of PM, CO, and THC based on real-world fuels and cold-start conditions. Recent experimental data from CARB studies reinforce this evidence. Given the substantial magnitude of the emission reductions and their potential to improve air quality and through this public health, our findings demonstrate the potential for policies that encourage higher concentrations of ethanol in gasoline to improve public health. These improvements are especially needed to protect the health of EJ communities, who experience higher exposures to motor vehicle pollution and are at greatest risk from their effects.

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