

What's the Deal with E15 Summer Sales?

In a Nutshell: E15 has been locked out of the summer market in past years because federal fuel regulations written before E15 existed unintentionally created a discrepancy in how E10 and E15 are regulated, which oil companies were able to exploit to block E15 sales.

E15 Reduces Smog Forming Emissions. EPA regulates fuel volatility (its likelihood to evaporate) to reduce smog-forming emissions in the summer when potential for smog is highest. When ethanol is blended with gasoline, volatility peaks around 10% ethanol and then goes down as more ethanol is added. So E15 has a lower volatility than E10. With 95% of U.S. fuel being E10, allowing E15 to easily remain in the marketplace will reduce smog forming emissions because every gallon of E10 that is replaced by a gallon of E15 reduces smog-forming emissions.

Then Why is E15 “Restricted”? It is not. E15 can be sold anywhere in the country in the summer so long as it meets the same volatility standard as all other fuels (except E10, which has a special allowance). No regulatory action has been taken to “restrict” or “ban” E15. It is E10 that has been treated differently, receiving a slightly higher volatility allowance than all other fuels.*

Oil Refiners Effectively “Banned” E15 in the Summer. This regulatory discrepancy between E15 and E10 allows oil refiners to game the system. Oil companies (which control the pipelines) could send higher volatility gasoline up the pipeline that could be used to make E10 but not E15. By doing so, they locked E15 out of the summer market. Why? Because oil companies do not want to give up another 5% of their market share.

Equalizing the summer standards for E10 and E15 prevents oil companies from locking E15 out of the market.

Is E10 harmful for emissions? No. It is natural to ask why E10 was given a volatility allowance during the summer (back in the 1990 amendments to the Clean Air Act). After studying the issue, the EPA concluded that lower E10 tailpipe emissions (ethanol helps petroleum burn cleaner) more than offset the increased evaporative emissions. In other words, even with the volatility allowance, E10 still had the same or lower overall (evaporative plus tailpipe) smog-forming emissions than non-ethanol blends. Compared to E10, E15 has both lower evaporative and tailpipe emissions.

Bottom line: There is no legitimate scientific or environmental reason for E15 to be restricted in the summer.

*** IRONY ALERT**

E10 is not granted the higher volatility allowance referenced above in reformulated gasoline (RFG) markets. RFG markets are densely populated areas in the U.S. with the most serious smog concerns. Therefore, the same lower volatility gasoline has always been supplied to these areas to make both E10 and E15. There has never been a hurdle (let alone a restriction) on selling E15 during the summer in the very areas that have smog concerns.