

Congress of the United States
Washington, DC 20515

May 11, 2011

The Honorable Lisa Jackson
Administrator, U.S. Environmental Protection Agency
Ariel Rios Building, Mail Code: 1101A
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

Gas prices have skyrocketed these past few months. According to the Energy Information Administration (EIA), the price per gallon of gasoline has jumped a dollar in the past two months alone. Many have predicted that gas prices could spike even higher by the end of next year. These prices demonstrate the vulnerability of our energy supply to the many factors affecting the price of gasoline in the United States.

EIA stated in a 2002 report that one factor affecting gas price volatility is the increased use of different types of fuels in different localities. The proliferation of these specialty or “boutique” fuels increases the chance that localities using them will experience faster inventory depletion when nationwide gas supplies are low. This makes these localities especially vulnerable to a surge in gas prices. From this, the report concludes that addressing the boutique fuel problem would most likely diminish the frequency and magnitude of price surges.

In the Energy Policy Act (EPACT) of 2005, we took the first important step to address this problem by capping the number of fuels allowed and giving EPA authority to waive fuel specifications in the event of a natural disaster. In 2005, when Hurricane Katrina hit, 20 percent of this nation’s refinery capacity was shut down. The waiver authority proved integral to the response to this massive supply disruption.

Temporary measures such as these are important and aim to reduce the brunt of price spikes during a disruption, but they will not bring us closer to a permanently streamlined and more reliable fuel delivery system. That’s why Congress directed EPA and the Department of Energy (DOE) in Section 1509 of EPACT of 2005 to jointly undertake a Fuel Harmonization Study in order to ascertain the effects varying fuel standards might have on issues like price, and to assess the feasibility of developing national or regional fuel standards. Indeed, EPA devoted a large portion of its Section 1541(c) Boutique Fuels Report to Congress explaining how it would approach a more “comprehensive assessment” of the impacts of boutique fuels in the Fuel Harmonization Study. This report was due to Congress by June of 2008, and Congress is still waiting.

Unfortunately, EPA and DOE never did the report, and has provided no explanation as to why it disregarded its congressional directive. Comprehensive empirical evidence assessing the give and take between reliability and price stabilization is much needed. Congress seeks to draw upon

the expertise in the different agencies by commissioning studies in cases such as these, and it is incumbent upon agencies to respond in a timely way and to follow congressional intent.

Therefore, we respectfully ask that you respond to this letter with an answer to the following questions:

- Will EPA and DOE ever conduct the Fuel Harmonization Study that was required by Section 1509 of EPACT of 2005? If so, when can Congress expect to see the final report?
- Since the demand for oil continues to increase, and the price of gasoline continues to rise, as the country recovers from the economic recession, does EPA not see the utility in conducting a study to aid in the simplification of our fuel delivery system?

The global supply and demand factors affecting the price of oil paired with our heavy reliance on foreign sources of oil leaves us susceptible to price volatility when that oil is refined into gasoline and sold on the open market. Increasing the domestic exploration for our American energy is one important way to decrease our dependence on foreign oil and make us less vulnerable to price spikes and volatility. Another way to achieve this goal is to simplify our nation's increasingly complex gasoline supply to resolve the distribution issues that would otherwise lead to potential gasoline price spikes. We expect EPA and DOE to follow the congressional intent that was outlined in EPACT of 2005 and conduct the Fuel Harmonization Study as soon as possible, to better inform us on how the reduction of unnecessary domestic energy constraints caused by the proliferation of boutique fuel use will affect the price of gasoline.

Thank you for your consideration. We look forward to your prompt response.

Sincerely,

A handwritten signature in black ink, appearing to read "Roy Blunt", written over a horizontal line.A handwritten signature in black ink, written over a horizontal line. The signature is stylized and difficult to decipher, but appears to contain the name "Alec ...".

Lee Burbank

Lyndwicker

Clara Kim

John Howen

Mike Crogo

Pat Dooney

Paul Coshua

John Barrasso

Walter R. Conner

Tim Dwyer

Dr. F. Bell

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Steve Seale, LA-1

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John Pitts PA-16

Ray Weller

Fred

Charles F. Bass

[Signature] H. M. G. S. A. N. G. I. F. A.

Joe Barton TX-6

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Marsha TN-7

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Arthur W. Hedges WA-05

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