

Government Accountability Office's E15 Report

(GAO report, "Challenges to the Transportation, Sale, and Use of Intermediate Ethanol Blends", June 2011)

EPA has granted a "partial approval" for E15 (gasoline that contains 15 percent ethanol) for vehicle models 2001 and newer. This controversial rule was examined in a recent GAO report, which highlighted the major challenges to the retail sale of E15, focusing on compatibility, cost, and liability.

E15 Compatibility

Multiple federal studies have revealed potential problems using E15 with existing dispensing equipment:

- According to a recent Department of Energy (DOE) report and research, "**certain elastomers, rubbers, and other materials** used in UST [underground storage tank] systems **may degrade or swell excessively when exposed to intermediate ethanol blends, becoming ineffective** as gaskets or seals" (p.26).

Federal research on E15 compatibility is also incomplete as:

- "[S]everal officials within EPA's Office of Underground Storage Tanks told [GAO] that **DOE's research efforts ... have focused only on testing materials** (e.g., elastomers and rubbers) and **not actual components and equipment** (e.g., valves and tanks) found in UST systems" (p.26).
- Although EPA also plans to study E15 compatibility, "this research will be based on interviews with experts and not on actual testing of materials, components, or equipment. ... EPA officials stated that the **ability to determine the compatibility of legacy equipment with intermediate blends is limited**" (p.26-27). Currently, EPA has not developed a plan to undertake this research (p.27).

E15's Cost

In order to sell E15, most fuel retailers will need to replace at least one dispenser system in order to comply with current OSHA regulations, which will come at significant cost (p.27).

- In recent years, the average retail profit margin at convenience stores and fuel outlets range on average from \$20,000 to \$40,000.
- "According to estimates from EPA and several industry associations, **installing a new dispenser system** compatible with intermediate ethanol blends **will cost over \$20,000.**" Given that most fuel retailers have four dispensers, it would **cost over \$80,000 to upgrade an entire retail facility** (p.28).
- Furthermore, "the total cost of **installing a new single-tank UST system** compatible with intermediate ethanol blends is **more than \$100,000**" (p.28).

E15 Liability

Even if state or local officials approved the use of E15 with existing dispensers, retailers would still be effectively ignoring OSHA's regulations, exposing themselves to lawsuits for negligence and invalidation of business agreements that reference OSHA requirements (p.29).

Consumer misfueling can also raise liability issues:

- "Because EPA has only allowed E15 for use in model year 2001 and newer automobiles, representatives from several industry associations stated that **consumers may not be aware of the distinction** between approved and nonapproved engines, or they **may be confused about which fuel to use**" (p.30).
- Many **car manufacturers' warranties do not cover the use of E15, "even for model year vehicles approved by EPA for E15."** This means that **consumers could be held responsible** for any repairs resulting from the use of E15 (p.30).

EPA requirements will not mitigate the potential for misfueling:

- Some **consumers may not understand the label**, or “the *label might get lost among the other labels* commonly found on dispensers” (p.30).
- Additionally, “... *some consumers will intentionally misfuel their automobiles if intermediate ethanol blends are cheaper.*”