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COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
UNITED STATES SENATE

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Thank you, Mr. Chairman and Members of the Committee, for the invitation to appear here today. I am pleased to have this opportunity to share information with the Committee on the Administration's recommendations and plans to reduce or eliminate the use of methyl tertiary butyl ether (MTBE) and boost the use of alternatives like ethanol that pose less of a threat to groundwater. The Administration's response includes taking regulatory action to protect drinking water and working with you to implement the legislative principles we recently announced to protect drinking water, preserve clean air benefits, and promote greater production and use of renewable fuels.

My testimony today will focus on the Clean Air Act's Reformulated Gasoline (RFG) program which has provided significant air quality improvements, the growing concerns about MTBE contamination of water supplies and replacement of the existing oxygenate requirement in the Clean Air Act with a renewable fuel standard for all gasoline.

Last month, Administrator Browner and Secretary Glickman submitted to Congress legislative principles which, when taken together, will provide an environmentally sound and cost-effective approach:

- First, Congress should amend the Clean Air Act to provide the authority to significantly reduce or eliminate the use of MTBE. This action is necessary to protect America's drinking water supplies.
- Second, as MTBE use is reduced or eliminated, Congress must ensure that air quality gains are not diminished.
- Third, Congress should replace the existing oxygenate requirement in the Clean Air Act with a renewable fuel standard for all gasoline. By preserving and promoting continued growth in renewable fuels, particularly ethanol, this action will increase farm income, create jobs in rural America, improve our energy security, and protect the environment.

Cleaner Burning Reformulated Gasoline

An understanding of the history of the federal RFG program is important in order to put the issues surrounding the use of the oxygenates methyl tertiary butyl ether and ethanol in perspective. As you know, the Clean Air Act Amendments of 1990 put in place a number of programs to achieve cleaner motor vehicles and cleaner fuels. These programs have been highly successful in reducing air pollution. Congress struck the balance between vehicle and fuel emissions control programs after extensive deliberation. The RFG requirements also emerged as a program designed to serve several Congressional goals, including air quality improvement, enhanced energy security by extending the gasoline supply through the use of oxygenates, and encouraging the use of renewable energy sources.

The federal reformulated gasoline program introduced cleaner gasoline in January 1995 primarily to help reduce ozone or smog levels. Unhealthy smog levels

are still of significant concern in this country, with over 30 areas still in nonattainment of the current 1-hour ozone standard. More areas are expected to exceed the new, 8-hour ozone standard, should it take effect.

Ozone has been linked to a number of health effects concerns. Repeated exposures may increase susceptibility to respiratory infection, cause lung inflammation, and aggravate pre-existing respiratory diseases such as asthma. Other health effects attributed to smog exposures include significant decreases in lung function and increased respiratory symptoms such as chest pain and coughing.

RFG is an effective way to reduce smog precursors such as volatile organic compounds (VOCs) and oxides of nitrogen (NOx). The Clean Air Act Amendments of 1990 required that RFG contain 2.0 percent minimum oxygen content by weight. The first phase of the RFG program, from 1995 through 1999, required average reductions of smog-forming volatile organic compounds and toxics of 17% each, and NOx by 1.5%. In practice, phase I RFG, on average, exceeded these requirements for VOC, NOx and toxics reductions. This year, the second phase of the RFG program will achieve even greater average benefits: a 27% reduction in VOCs, a 22% reduction in toxics and a 7% reduction in oxides of nitrogen emissions. These reductions for RFG are equivalent to taking more than 16 million vehicles off the road. States rely on the air quality benefits of the RFG program to demonstrate in their State Implementation Plans (SIPs) that they can achieve the ozone standard. In fact, seventeen states and the District of Columbia currently rely on air quality benefits from the RFG program in their attainment SIPs.

The federal RFG program is required in ten metropolitan areas which have the most serious smog pollution levels. Although not required to participate, some areas in the Northeast, in Kentucky, Texas and Missouri have elected to join, or "opt-in" to the RFG program as a cost-effective measure to help combat their air pollution problems. At this time, approximately 30% of this country's gasoline consumption is cleaner-burning reformulated gasoline.

Neither the Clean Air Act nor EPA requires the use of specific oxygenates in RFG. The statute and, subsequently, EPA's regulations only specify the oxygen content by weight; they do not specify which oxygenate to use. Both ethanol and MTBE are used in the current RFG program, with fuel providers choosing to use MTBE in about 87 percent of the RFG mainly because of cost and ease of transport reasons.

Water Supply Concerns

Despite the air quality aspects of oxygenates in RFG, there is significant concern about contamination of drinking water by MTBE in many areas of the country including California, and Maine. EPA is very concerned about the widespread detection of MTBE in drinking water. Current data on MTBE levels in ground and surface waters indicate widespread and numerous detections of MTBE at low levels. The United States Geological Survey has found that the occurrence of MTBE in groundwater is strongly related to its use as a fuel additive in an area. Low levels of MTBE were detected in 21% of ambient groundwater tested in areas where MTBE is used in RFG compared to 2% of ambient groundwater in areas using conventional gasoline.

The Administration's Response

In response to concerns associated with the use of oxygenates in gasoline, the Administrator established a Blue Ribbon Panel of leading experts from public health and scientific communities, water utilities, environmental groups, industry, and local and state government, to assess issues posed by the use of oxygenates in gasoline. The Blue Ribbon Panel grappled with a number of complex issues, including an assessment of alternatives to the use of MTBE to ensure that current air quality benefits of RFG are continued and the additional benefits of the second phase of the program are not endangered. The Panel's recommendations to the Administrator fall under the following broad categories:

- Reduce the use of MTBE;
- Maintain current air quality benefits (no environmental backsliding);
- Prevent leaks through improvement of existing programs;
- Remediate existing contamination;
- Accelerate research on MTBE and its substitutes; and
- Amend the Clean Air Act to remove the requirement that federal reformulated gas contain 2% oxygen (by weight).

The Panel recognized that Congress, when adopting the oxygen requirement in 1990, sought to advance several national policy goals -- energy security and diversity, agriculture policy, among others -- that must be taken into consideration when addressing this complex issue.

EPA's has initiated a number of actions in response to the Blue Ribbon Panel's recommendations. This includes developing a secondary drinking water standard under

the Safe Drinking Water Act, establishing a water quality standard under the Clean Water Act, and enhancing underground storage tank program compliance to a 90% level in 2000. The Agency is currently funding a grant with the University of California-Davis to evaluate the effectiveness of leak detection technologies. EPA is also conducting a $1 million technology demonstration project for the clean up of MTBE contaminated aquifers. EPA continues to work with those cities and states that need help cleaning up existing problems. Remediation will be challenging, but essential. And we are working to develop and promote new cleanup technologies. We are also strengthening our efforts to make storage tanks more secure. In addition, where possible, we will work to provide more flexibility to states and refiners as they move to decrease the use of MTBE in gasoline.

The Administration's MTBE announcement and legislative principles are based on many of the Panel's recommendations. In addition to the legislative principles mentioned above, EPA has initiated a regulatory action aimed at reducing or eliminating the use of MTBE in gasoline. Under Section 6 of the Toxic Substances Control Act (TSCA), an Advance Notice of Proposed Rulemaking to ban or phase down MTBE from gasoline was signed last month. This action is the best regulatory mechanism available for limiting or eliminating the use of MTBE. TSCA gives EPA authority to ban, phase out, limit or control the manufacture of any chemical substance deemed to pose an unreasonable risk to the public health or the environment. The procedural burdens required by this statute, however, can be complex and time consuming. Therefore,

legislative action is our first priority and we want to work with Congress to address the issue.

Reducing or eliminating MTBE in no way diminishes the continued role for other oxygenates, such as ethanol, to control mobile source emissions. In addition, a significant role for renewable fuels is important to our nation's energy supply. Thus, the Administration recommends that Congress replace the two percent oxygenate requirement in the Clean Air Act with a renewable fuel annual average content for all gasoline at a level that maintains the current use level of renewable fuel (1.2 percent of the gasoline supply) and allows for sustained growth over the next decade.

Mr. Chairman, in closing, we intend to move forward with rulemaking under TSCA to significantly reduce or eliminate the use of MTBE. Congressional action, however, on the legislative principles I have discussed here is essential if we are to continue to achieve the public health benefits of cleaner burning gasoline while avoiding unacceptable risks to our nation's water supplies. We remain committed to working with Congress to provide a targeted legislative solution to this matter. Americans deserve both clean air and clean water and never one at the expense of the other.

This concludes my prepared statement. I would be pleased to answer any questions that you may have.