

Mobile Sources Technical Review Subcommittee

Bill Wehrum

Acting Assistant Administrator

U.S. EPA, Office of Air and Radiation

March 28, 2007

Mobile Sources Update

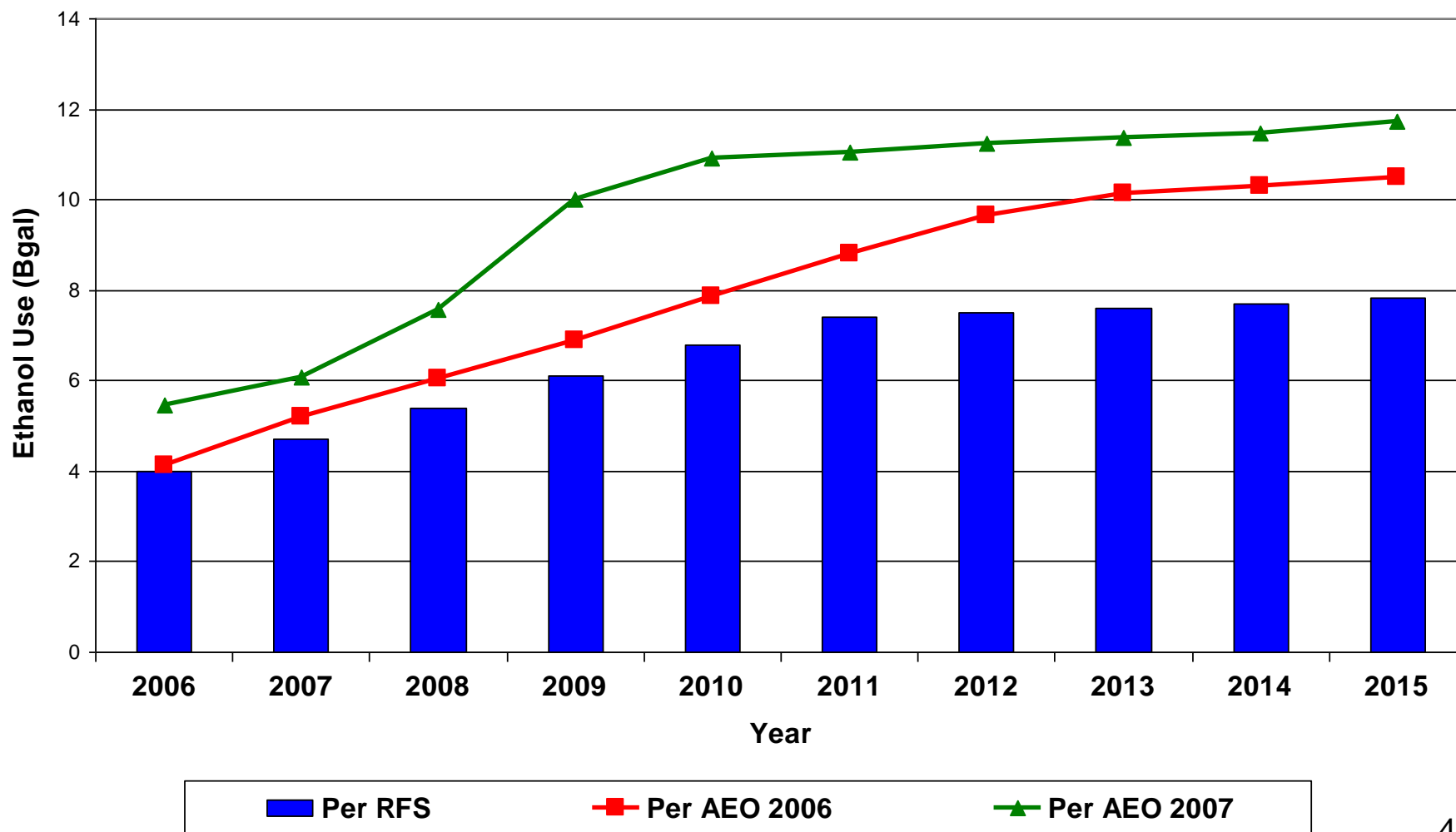
- Locomotive and Marine Rule – Proposed on March 2, 2007
 - Proposal would cut particulate matter emissions from these engines by 90 percent and nitrogen oxides emissions by 80 percent.
 - Annual health benefits of \$12 billion in 2030
 - Overall benefits are estimated to outweigh costs by more than 20 to 1.
- Mobile Source Air Toxics (MSAT) – Final Rule on February 9, 2007
 - Estimated reduction in total emissions of mobile source air toxics by 350,000 tons and VOC emissions by over 1 million tons
- Fuel Economy Labeling – Final Rule on December 11, 2006
 - New estimates take effect with model year 2008 vehicles (available in dealer showrooms this year)
- RFS Program – Spring 2007
 - 3.71 percent of the gasoline sold or dispensed to U.S. motorists in 2007 must be renewable fuel
- Small Engine Rule – Summer 2007
 - Proposal for lawn and garden equipment and small personal boats

The RFS – The Program Basics

- EPA must promulgate regulations that ensure the use of renewable fuels
 - 2007: 4.7 billion gallons/yr
 - 2008: 5.4
 - 2009: 6.1
 - 2010: 6.8
 - 2011: 7.4
 - 2012: 7.5
- EPA must convert RFS into percent of gasoline production
 - Based on annual EIA predictions of gasoline consumption given to EPA each Oct 31
 - Applies to refiners, importers, gasoline blenders
- RFS in year 2013 and subsequent years
 - **Minimum quantity: same percent of renewables in gasoline supply for 2012 (0.25 billion gal of which must be cellulosic ethanol). Rulemaking to establish applicable amount based on impact on environment, air quality, energy security, job creation and rural economic development (section 211(o)(2)(B)(ii) of CAA)**



Projected Renewable Fuel Use



Alternative Fuels Standard

- Draft legislation submitted to Congress on March 20
- The AFS would:
 - require 35 billion gallons of alternative fuel to be used in the nation's transportation fuel by the year 2017 - a 500% increase in the levels mandated by the RFS for renewable fuels
 - replace 15% of the nation's gasoline usage within 10 years
 - include all fuels that are currently part of the RFS and allow more fuels to compete in the marketplace
 - list electricity as a renewable energy
 - retain flexible credit, banking and trading mechanisms
 - provide an accelerated schedule for AFS gallon-based requirements in the years 2010 to 2017
 - Contain waiver mechanisms and an economic "safety valve" to protect consumers against price run-ups
- After 2017 the level of the AFS would be set administratively based on several factors including the impact of alternative fuels on energy security and diversification, costs to consumers, job creation and the environment

Available Fuel Sources

- Ethanol production is expected to outpace the RFS requirements
 - EIA's Annual Energy Outlook for 2007 projects 11.2 billion gallons ethanol by 2012
- Domestic corn ethanol will continue to be the most significant source of renewable fuel
 - Estimated to be 15B gallons maximum by National Corn Growers Association
- Optimistic that cellulosic ethanol will begin to contribute to the market over the next decade
- Biodiesel will also continue to grow
- Other alternatives (e.g. CNG, CTL, etc.)