

[Federal Register: January 20, 1994]

ENVIRONMENTAL PROTECTION AGENCY
40 CFR Part 52

[WA 13-6-6121; WA 15-3-6122; WA 13-5-6120; FRL-4824-5]

Approval and Promulgation of Air Quality Implementation Plans;
Washington

AGENCY: Environmental Protection Agency.

ACTION: Final rule.

SUMMARY: Environmental Protection Agency (EPA) approves a State Implementation Plan (SIP) revision submitted by the State of Washington. This revision implements an oxygenated gasoline program in King County, Pierce County, Snohomish County, Clark County, and **Spokane** County. This SIP revision was submitted to satisfy the requirement of section 211(m) of the Clean Air Act as amended by the Clean Air Act Amendments of 1990 (the Act) which requires all carbon monoxide nonattainment areas with a design value of 9.5 parts per million (ppm) or greater based generally on 1988 and 1989 air quality monitoring data to implement an oxygenated gasoline program.

EFFECTIVE DATE: This action will become effective on March 21, 1994, unless notice is received by February 22, 1994, that someone wishes to submit adverse or critical comments. If the effective date is delayed, timely notice will be published in the Federal Register.

ADDRESSES: Written comments should be addressed to:

Montel Livingston, SIP Manager, Air and Radiation Branch (AT-082), United States Environmental Agency, 1200 6th Avenue, Seattle, Washington 98101.

Copies of the documents relevant to this action are available for public inspection during normal business hours at: Air and Radiation Branch (Docket #WA13-6-6121 (**Spokane**); #WA15-3-6122 (**Vancouver**); and #WA13-5-6120 (**Puget Sound**)), United States Environmental Protection Agency, 1200 Sixth Avenue (AT-082), Seattle, Washington 98101, and Department of Ecology, Air Quality Program, P.O. Box 47600, Olympia, WA 98504-7600. Attn: Carol Piening.

FOR FURTHER INFORMATION CONTACT: Stephanie Cooper, Air and Radiation Branch (AT-082), United States Environmental Agency, 1200 Sixth Avenue, Seattle, Washington 98101, (206) 553-6917.

SUPPLEMENTARY INFORMATION:

I. Introduction

Motor vehicles are significant contributors of carbon monoxide emissions. An important measure toward reducing these emissions is the use of cleaner-burning oxygenated gasoline. Extra oxygen enhances fuel

combustion and helps to offset fuel-rich operating conditions, particularly during vehicle starting, which are more prevalent in the winter.

Section 211(m) of the Act requires that various states submit revisions to their SIPs and implement oxygenated gasoline programs by no later than November 1, 1992. This requirement applies to all states with carbon monoxide nonattainment areas with design values of 9.5 parts per million or more based generally on 1988 and 1989 data. Each state's oxygenated gasoline program must require gasoline for the specified control area(s) to contain not less than 2.7 percent oxygen by weight during that portion of the year in which the areas are prone to high ambient concentrations of carbon monoxide. Under section 211(m)(2), the oxygenated gasoline requirements are to generally cover all gasoline sold or dispensed in the larger of the Consolidated Metropolitan Statistical Area (CMSA) or the Metropolitan Statistical area (MSA) in which the nonattainment area is located. Under section 211(m)(2), the length of the control period, to be established by the EPA Administrator, shall not be less than four months unless a state can demonstrate that, because of meteorological conditions, a reduced control period will assure that there will be no carbon monoxide exceedances outside of such reduced period. EPA announced guidance on the establishment of control periods by area in the Federal Register on October 20, 1992.

In addition to the guidance on establishment of control period by area, EPA has issued additional guidance related to the oxygenated gasoline program. On October 20, 1992 EPA announced the availability of oxygenated gasoline credit program guidelines in the Federal Register. Under a credit program, marketable oxygen credits may be generated from the sale of gasoline with a higher oxygen content than is required (i.e. an oxygen content greater than 2.7 percent by weight). These oxygen credits may be used to offset the sale of gasoline with a lower oxygen content than is required. Where a credit program has been adopted, EPA's guidelines provide that no gallon of gasoline should contain less than 2.0 percent oxygen by weight.

EPA issued labeling regulations under section 211(m)(4) of the Act. These labeling regulations were published in the Federal Register on October 20, 1992.

II. Background for this Action

Washington state has three ``nonattainment'' areas for carbon monoxide: Central **Puget Sound**, including parts of King, Pierce, and Snohomish Counties; a portion of **Spokane** County around **Spokane**; and a portion of Clark County around **Vancouver**. The **Puget Sound** area was classified using 1987-88 data, while the **Spokane** and **Vancouver** areas were classified using 1988-89 data. The **Puget Sound** and **Spokane** nonattainment areas are classified as high moderate, while the **Vancouver** nonattainment area is classified as moderate.

Under section 211(m) of the Act, Washington was required to submit a revised SIP under section 110 and part D of title I of the Act which includes an oxygenated gasoline program for the **Puget Sound** nonattainment area, the **Spokane** nonattainment area, and the **Vancouver** Nonattainment area by November 15, 1992. The oxygenated gasoline program, adopted October 6, 1992, became effective November 1, 1992, and was submitted as an amendment to the State Implementation Plan on November 16, 1992. EPA summarizes its analysis of the state submittal below.

Type of Program and Oxygen Content Requirement

As discussed above, section 211(m)(2) of the Act requires that gasoline sold or dispensed for use in the specified control areas contain not less than 2.7 percent oxygen by weight. Under section 211(m)(5), the EPA Administrator issued guidelines for credit programs allowing the use of marketable oxygen credits. Washington has elected to adopt a regulation requiring control area responsible parties (CARs) to supply an average of at least 2.7 percent oxygen for each control area serviced. A CAR is defined as a person who owns oxygenated gasoline which is sold or dispensed from a control area terminal. A blender CAR is, in general, a party downstream from a terminal who blends oxygenates into gasoline or who otherwise changes the oxygen content of the gasoline intended for use in a control area.

To achieve an average of 2.7 percent oxygen, a blender will be allowed to supply a minimum of 2.0 percent oxygenated gasoline and a maximum of 3.7 percent. Each gallon of fuel pumped by the retailer must be, at minimum, 2.0 percent oxygen by weight. Trading of oxygen credits is allowed. The following sections of this notice address some specific elements of the state's submittal.

Applicability and Program Scope

Section 211(m)(2) requires oxygenated gasoline to be sold during a control period, based on air quality monitoring data and established by the EPA Administrator, spanning not less than four months. Washington has established a control period for the **Vancouver** and **Puget Sound** nonattainment areas from November through February, and for **Spokane**, from September through February. This control period is consistent with EPA guidance.

All gasoline sold or dispensed for use within a given control area and during a given control period must comply with the average 2.7 percent oxygen content requirement and must contain not less than 2.0 percent oxygen by weight. Marketable oxygen credits may be used or traded only within the boundaries of the control area in which they were created, and only during the applicable control period.

Washington's oxygenated gasoline program has both an "averaging period" compliance scheme and a "per-gallon" compliance scheme. When registering, each blender must choose whether to comply on an average basis or on a per gallon basis. Under the averaging period scheme, all gasoline sold or dispensed within the control areas during a given averaging period must be, on average, at least 2.7 percent by weight. The averaging period in Washington's program is 2 months. The blender may also choose to comply on a per-gallon basis. Under the per-gallon compliance scheme, each gallon of gasoline offered for use in a control area must contain at least 2.7 percent oxygen by weight.

The Federal CAA requires oxygenated gasoline to be sold in the Metropolitan Statistical Area (MSA), or the Consolidated Metropolitan Statistical Area (CMSA), whichever is larger. The oxygenated fuel rule covers the Seattle-Tacoma CMSA (King, Pierce, and Snohomish Counties), the **Spokane** MSA (**Spokane** County), and the Washington State portion of the Portland-**Vancouver** CMSA (Clark County).

Registration and Reporting Requirements

EPA's credit program guidelines specify that all parties intending to trade marketable oxygen credits should register with the state at least 30 days in advance of each control season. The 30 day time period is intended to allow the state flexibility and is a suggested provision. Upon acceptance, CAR identification numbers should be issued by the state. EPA guidelines specify that no party should be allowed to generate, trade, buy or sell credits without a CAR identification

number.

Within at least 30 days before the control period in which a person meets the definition of CAR or blender CAR, that person shall petition for registration as a CAR or blender CAR. A person may petition for registration as a CAR or blender CAR after the beginning of the control period but must do so at least 30 days before conducting activities as a CAR or blender CAR.

Registration requests must be on forms approved by and available from Washington State Department of Ecology or the local air pollution control authority. Ecology or the authority will issue each blender a permit containing a unique identification number within 30 days after submission of a registration application. All terminals, distributors and service stations which service control areas during the control period will be required to register with Ecology or the authority and receive a permit. Blenders will register with the local air pollution control authority within their control areas (**Puget Sound** Air Pollution Control Agency for the King, Pierce, and Snohomish Counties control area; Southwest Air Pollution Control Agency for the Clark County control area; and **Spokane** County Air Pollution Control Authority for the **Spokane** County control area).

Blenders must pay a registration fee to compensate for the costs of administering the registration program, including on-site inspections. The registration fee is based on the estimated volume of gallons of oxygenated gasoline offered for sale or sold per control season month in a control area. Registration fees are required per control area, so a blender dispensing oxygenated gasoline in the three control areas must pay three registration fees. Fees have been determined only for the 1992 control season. As outlined by WAC-173-492-050, small volume blenders pay \$500, medium volume blenders pay \$1,000, large volume blenders pay \$10,000, and very large volume blenders pay \$25,000. While the blender can upgrade to a larger category, re-registration to a lower category is not permitted. For 1993 and beyond, Ecology must solicit input from affected parties and incorporate comments into their fee requirements.

EPA has also specified that records should be retained by all parties in the gasoline distribution system. EPA's guidelines impose responsibilities on various parties in the gasoline industry. Persons who produce or import gasoline (refiners and importers) are responsible for assuring that the gasoline is tested and that the accompanying documentation accurately reflects oxygen content. Persons who transport, store, or sell gasoline (refiners, importers, blenders, distributors, resellers, retailers, wholesale purchaser-consumers) have various responsibilities associated with assuring that only oxygenated gasoline is sold or dispensed for use in control areas. Terminal owners and operators are responsible for assuring that the oxygen content of the gasoline they receive, handle, or dispense is accurate. Retailers and wholesale purchaser-consumers are responsible for assuring that gasoline intended for sale during the control period contains at least 2.0 percent oxygen by weight.

At the end of the control period, blenders who comply on a per-gallon basis shall submit one report per control area in which they are registered. The reports, which must be filed on forms provided by Ecology or the authority, are due March 31.

For blenders who comply on an averaging basis, a report is due to Ecology or the authority for each two-month averaging period. Reports are due on the last day of the month following the close of the averaging period for which the information is required. For both per-gallon and averaging blenders, Washington's rule allows a reporting time frame of 30 days rather than EPA's suggested 15 days. EPA feels that providing businesses extra compliance time will not compromise

environmental benefits.

EPA guidelines require that all parties in the gasoline distribution network who are located or do business within a control area, and whose product is eventually sold into the control area for ultimate use, should be required to keep records concerning certain day-to-day activities. Under these guidelines, refiners and importers should be required to keep a copy of all the tests that are performed on batches of gasoline prior to shipment, as well as copies of the bills of lading or transfer documents for each batch. Carriers and distributors should be required to keep copies of the documents which accompany every batch of gasoline their employees handle. Terminal owners and operators and CARs and blender CARs (in an averaging program) should be required to keep records of both the gasoline they receive from upstream parties, as well as copies of all the tests performed and records created before the gasoline was transferred to a downstream party. Washington meets these requirements.

EPA guidelines recommend that CARs commission an annual attest engagement, performed by either an internal auditor or independent Certified Public Account (CPA). The guidelines encourage the state to provide the internal auditor or CPA with standardized forms specifying the methodology to be used for attest engagements.

Washington's program encourages blenders to use attest engagements as a defense for liability. If EPA notes that the state's program suffers from compliance problems related to lack of attest engagements, EPA may require the use of attest engagements as a corrective action.

Washington offers fuel tax exemptions and tax credits for alcohol produced by companies certified by the Washington Department of Licensing as having manufactured less than 8 million gallons during the previous year. Washington offers a fuel tax exemption for alcohol of any proof that is sold for use as fuel in motor vehicles. Additionally, every gallon of alcohol used in an alcohol-gasoline blend containing at least nine and one-half percent or more by volume alcohol is eligible for a tax credit of sixty percent of the tax rate imposed. EPA believes as blenders perform intensive reviews for tax purposes, they will simultaneously order their records for the purpose of the oxyfuel program. Ecology plans to do comprehensive annual reviews of gasoline blender records to insure compliance. EPA approves of this approach for the state of Washington.

Prohibited Activities

EPA's credit program guidelines contain provisions designed to ensure that gasoline failing to meet the 2.0 percent by weight minimum oxygen content requirement is not available for use within a control area. Generally, CARs or blender CARs may not transfer gasoline for use in a control area that contains less than the minimum percent of oxygen by weight to parties who are not themselves registered as CARs or blender CARs. Under EPA's credit program guidelines, regulated parties, including refiners, importers, oxygenate blenders, carriers, distributors, or resellers may not fail to comply with recordkeeping requirements. In addition, a terminal that sells or dispenses gasoline intended for use in a control area should accept gasoline only if transfer documentation accompanies it, or unless the terminal is a blender registered in compliance with WAC 173-492-050. Misrepresenting the oxygen content of the gasoline in accompanying documents is a violation. Transfer documents must accompany the gasoline in every link of the gasoline distribution network except for the final consumer. Non-oxygenated gasoline may not be sold to an ultimate consumer in any control area during the control period.

Transfer Documents

EPA's credit program guidelines specify that transfer documents should include the following information: date of the transfer, name and address of the transferor, name and address of the transferee, the volume of gasoline which is being transferred, the proper identification of the gasoline as oxygenated or nonoxygenated, the location of the gasoline at the time of the transfer, the type of oxygenate, and the oxygen content of the gasoline (for transfers upstream of the control area terminal and for transfers between CARs, include the oxygenate volume of the gasoline). Records are to be kept in a location where they are available for state review. Washington meets EPA's recommendation.

Washington has included requirements related to transfer documentation in its regulation. These transfer document requirements will enhance the enforcement of the oxygenated gasoline regulation by providing a paper trail for each gasoline sample taken by state enforcement personnel.

Enforcement and Penalty Schedules

State oxygenated gasoline regulations must be enforceable by the state oversight agency. Each state should devise a comprehensive penalty schedule. Penalties should reflect the severity of a party's violation, the compliance history of the party, as well as the potential environmental harm associated with the violation.

To insure compliance, the authority or Ecology plans to obtain and test samples from each blender on a monthly basis throughout the control season. The authority or Ecology plans to obtain samples from 20 percent of retail stations in a control area during a control season, and to examine records as needed.

The Clean Air Washington Act, Chapter 70.94 RCW, provides for both criminal and civil penalties for oxygenated fuel violations. Criminal penalties include fines up to \$10,000 and/or imprisonment for up to one year. Civil penalties include fines up to \$10,000 per day for each violation.

Test Methods and Laboratory Review

EPA's sampling procedures are detailed in appendix D of 40 CFR part 80. EPA has recommended, in its credit program guidelines, that states adopt these sampling procedures. Washington has adopted EPA sampling procedures.

Each state regulation must include a test method. EPA's guidelines recommend the use of the OFID test, although parties may elect to use ASTM-D4815-89 or another method, if approved by EPA. Washington has elected to use the ASTM 4815-89 or other test methods determined by Ecology and EPA as being equivalent.

EPA has established an interim testing tolerance, which states appropriate ranges for credit and per-gallon programs (See Memorandum dated October 5, 1992 from Mary T. Smith). As EPA states in that memorandum, the purpose of the testing in a credit program is to determine if a sample meets the 2.0 percent minimum oxygen content requirement and to determine whether the documentation that accompanied that gasoline is correct. For a per-gallon program, the purpose of the testing is to determine whether the gasoline contains less than 2.7 percent oxygen by weight. Washington has established that during the control period and in each control area, oxygenated gasoline blenders must supply an average of at least 2.7 percent oxygen for each control area serviced. To achieve an average of 2.7 percent oxygen a blender

will be allowed to supply a minimum of 2.0 percent oxygenate gasoline and a maximum of 3.7 percent. Each gallon of fuel pumped by the retailer must have a minimum of 2.0 percent oxygen.

Labeling

EPA was required to issue Federal labeling regulations under section 211(m)(4) of the Act. These regulations, published in the Federal Register on October 20, 1992, required the following statement be posted for a per-gallon program or credit program with minimum oxygen content requirement:

'The gasoline dispensed from this pump is oxygenated and will reduce carbon monoxide pollution from motor vehicles.' The Federal regulation also specifies the appearance and placement requirements for the labels.

EPA has strongly recommended that states adopt their own labeling regulations, consistent with the Federal regulation. Washington has adopted labeling regulations that differ from the Federal regulation in the following way(s). The lettering on the label is in block style of at least 20 point, and should appear in a color that contrasts the intended background. The label should be placed on each side of the dispenser from which the gasoline can be dispensed and on the upper half of the dispenser, in a position that will be clear and conspicuous to the consumer. EPA approves Washington's labeling requirement.

EPA's review of the material indicates that the state has adopted an oxygenated gasoline regulation in accordance with the requirements of the Act. EPA approves the Washington SIP revision for an oxygenated gasoline program, which was submitted on January 22, 1993, together with referenced Washington State SIP Appendix B, ``State Regulations,' and Appendix D, ``State Policies and Guidelines.' The EPA is publishing this action without prior proposal because the Agency views this as a noncontroversial amendment and anticipates no adverse comments. This action will be effective March 21, 1994, unless, by February 22, 1994, notice is received that adverse or critical comments will be submitted.

If such notice is received, this action will be withdrawn before the effective date by publishing two subsequent notices. One notice will withdraw the final action and another will begin a new rulemaking by announcing a proposal of the action and establishing a comment period. If no such comments are received, the public is advised that this action will be effective March 21, 1994.

III. Conclusion

EPA, in this action, is approving this revision to the Washington SIP for an oxygenated gasoline program.

IV. Administrative Review

This action has been classified as a Table 2 action by the Regional Administrator under the procedures published in the Federal Register on January 19, 1989 (54 FR 2214-2225). On January 6, 1989, the Office of Management and Budget (OMB) waived Table 2 and Table 3 SIP revisions (54 FR 2222) from the requirements of section 3 of Executive Order 12291 for a period of two years. EPA has submitted a request for a permanent waiver for Table 2 and Table 3 SIP revisions. OMB has agreed to continue the waiver until such time as it rules on EPA's request. This request continues under Executive Order 12866 which superseded Executive Order 12291 on September 30, 1993.

Under 5 U.S.C. 605(b), I certify that this revision will not have a significant economic impact on a substantial number of small entities (see 46 FR 8709).

Under the Regulatory Flexibility Act, 5 U.S.C. 600 et seq., EPA must prepare a regulatory flexibility analysis assessing the impact of any proposed or final rule on small entities (5 U.S.C. 603 and 604). Alternatively, EPA may certify that the rule will not have a significant impact on a substantial number of small entities. Small entities include small businesses, small not-for-profit enterprises, and government entities with jurisdiction over populations of less than 50,000.

SIP approvals under section 110 and subchapter I, part D of the CAA do not create any new requirements, but simply approve requirements that the State is already imposing. Therefore, because the Federal SIP approval does not impose any new requirements, I certify that it does not have a significant impact on any small entities affected. Moreover, due to the nature of the Federal-state relationship under the CAA, preparation of a regulatory flexibility analysis would constitute Federal inquiry into the economic reasonableness of state action. The CAA forbids EPA to base its actions concerning SIPs on such grounds. *Union Electric Co. v. U.S.E.P.A.*, 427 U.S. 246, 256-66 (S.Ct. 1976); 42 U.S.C. 7410(a)(2).

Nothing in this action should be construed as permitting or allowing or establishing a precedent for any future request for revision to any SIP. Each request for revision to any SIP shall be considered separately in light of specific technical, economic and environmental factors and in relation to relevant statutory and regulatory requirements.

Under section 307(b)(1) of the Clean Air Act, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by March 21, 1994. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this rule for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. (See 42 U.S.C. 7607(b)(2))

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Carbon monoxide, Hydrocarbons, Incorporation by reference, Ozone, Volatile organic compounds.

Note: Incorporation by reference of the Implementation Plan for the State of Washington was approved by the Director of the Office of Federal Register on July 1, 1982.

Dated: December 27, 1993.
Gerald A. Emison,
Acting Regional Administrator.

Part 52, chapter I, title 40 of the Code of Federal Regulations is amended as follows:

PART 52--[AMENDED]

1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401-7671q.

Subpart WW--Washington

2. Section 52.2470 is amended by adding paragraph (c)(42) to read as follows:

Sec. 52.2470 Identification of plan.

* * * * *

(c) * * *

(42) On January 22, 1993, the State of Washington Department of Ecology submitted revisions to the State Implementation Plan for the State of Washington addressing the attainment and maintenance of the National Ambient Air Quality Standards for carbon monoxide in the King, Pierce, Snohomish, Clark and **Spokane** Counties.

(i) Incorporation by reference.

(A) January 22, 1993, letters from the State of Washington Department of Ecology to EPA Region 10 submitting amendments to the Washington State Implementation Plan for Carbon Monoxide in the King, Pierce, Snohomish, Clark, and **Spokane** Counties.

(B) Supplements to the State Implementation Plan for Washington State--a plan for attaining and maintaining National Ambient Air Quality Standards (NAAQS) for the **Spokane** Carbon Monoxide Nonattainment Area, **Vancouver** Air Quality Maintenance Area, and **Puget Sound** Carbon Monoxide Nonattainment Area, adopted on January 22, 1993.

(C) State Regulations Appendix B-Part 2, ``Motor Fuel Specifications for Oxygenated Gasoline, Chapter 173-492 WAC,`` of the Washington State SIP appendices, adopted October 6, 1992.

(D) State Policies and Guidelines Appendix D, ``Oxygenated Gasoline Program, Implementation Guidelines, Washington State Department of Ecology, September 1992.``

[FR Doc. 94-1272 Filed 1-19-94; 8:45 am]

BILLING CODE 6560-50-F