

January 3, 2011

Electronic Submission: www.regulations.gov

The Honorable Lisa Jackson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Re: Docket No. EPA-HQ-OAR-2010-0448
Regulation to Mitigate the Misfueling of Vehicles and Engines with Gasoline
Containing More Than Ten Volume Percent Ethanol: Proposed Rule

Dear Administrator Jackson:

The Specialty Equipment Market Association (SEMA) welcomes the opportunity to provide comments on the EPA's proposal to mitigate the potential for misfueling certain engines, vehicles and equipment with gasoline containing 15 percent ethanol (E15). SEMA opposes the partial waiver granted by the EPA to permit the sale of E15 for model year 2007 and newer vehicles based on concerns that the rule will not prevent older vehicles from being misfueled. SEMA respectfully requests that the EPA suspend the waiver until additional studies clarify the impact of ethanol on older vehicles, engines and equipment.

SEMA represents the \$28 billion specialty automotive industry. It is comprised of nearly 6,500 mostly small businesses nationwide that manufacture, rebuild, distribute and retail parts and accessories for motor vehicles. The products produced by our member companies include performance, functional, restoration and styling-enhancement products for use on passenger cars, trucks and special interest collector and historic vehicles. SEMA also represents millions of enthusiasts through its SEMA Action Network (SAN). The SAN is a nationwide partnership with vehicle clubs and individual hobbyists to keep enthusiasts informed about laws and regulations and, in this case, to help safeguard their vehicles and equipment.

In previous comments submitted to the agency [July 10, 2009: Docket No. EPA-HQ-OAR-2009-0211], SEMA asked the EPA to deny the E15 waiver request pending definitive scientific studies about risks associated with a higher level of ethanol. SEMA outlined a number of reasons for concern that E15 was potentially incompatible with many vehicles, engines and equipment. In issuing its partial waiver for MY 2007 and newer vehicles, the EPA agreed with SEMA's concerns and made it illegal to fuel older vehicles with E15.

In its proposed misfueling rule, the EPA outlines the chemical and physical differences between ethanol and gasoline. It acknowledges that the air-to-fuel (A/F) ratio may not be

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correct with ethanol, potentially threatening the emissions control system. The EPA identifies the fact that ethanol is soluble in gasoline, allowing water to be absorbed and carried through the fuel distribution system, which in an excessive amount can cause stalling or permanent engine damage. The EPA observes that the hydroxyl group of ethanol reacts with natural rubber products whereby certain elastomers may swell or soften and lose strength and some plastics and fiberglass may become brittle, crack and leak. The EPA notes that ethanol can contribute to the corrosion of metallic materials which can damage the engine and metallic fuel storage systems. Ethanol may also act as a solvent for various materials and, in the motor vehicle, dissolve and transport components built-up in the fuel storage, handling and delivery system which may cause fuel filter and injector plugging or other component problems – all of which could lead to poor operability and degraded emission performance.

The EPA also acknowledges that the consequences of misfueling could be costly. “For example, based on a poll of automobile repair facilities, fuel pump and catalyst replacements average \$427 and \$1,250, respectively. Similarly, for nonroad equipment, the cost for a fuel line repair of handheld equipment (e.g. trimmers, chainsaws) or non-handheld equipment (e.g. lawnmowers, generators) could cost \$100-\$400 (based on information received from repair facilities in Ann Arbor, Michigan and vicinity) and replacing this same equipment can range from \$100 (consumer handheld) to \$5,000 (commercial grade garden tractor) should the engine fail.” [75 Fed. Reg. 68043, 68058]

According to EPA’s estimates, the national fleet includes nearly 74 million MY 2000 and earlier cars and light trucks that may now be exposed to misfueling. There are another 85 million MY 2001-2006 vehicles which may be harmed if misfueled since scientific studies have not yet confirmed compatibility. Additionally, over 100 million nonroad products (motorcycles, snowmobiles, boats, lawnmowers, chainsaws, etc.) may now be misfueled. Given these significant numbers and the need to educate millions of Americans to avoid E15, it is inevitable that E15 will be a fuel source for many of these products. The reasons may range from a simple mistake to being uninformed or filling up with a less expensive fuel if there is a price differential. As the EPA notes, the consequences may include equipment failure and costly repairs. Beyond that, misfueling may risk personal safety while threatening manufacturer’s reputations and warranty claims. Vehicle/equipment manufacturers, gas station owners and distributors may also be exposed to potential litigation from angry consumers.

E10 itself is not without controversy. For years, owners of older vehicles and specialty equipment for newer high performance vehicles have complained about ethanol’s incompatible properties (corrosive, soluble, solvent, etc.). Unfortunately, there has been little they can do to avoid E10 since its market share has risen dramatically. The Energy Information Administration estimates that over 90% of motor gasoline sold in 2010 is E10.

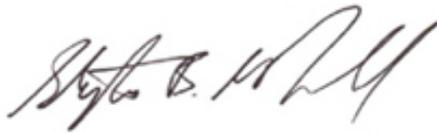
One only needs to look at E10 labels to demonstrate misfueling concerns in the marketplace. The EPA has not satisfied its mission to provide adequate information to the public on whether the fuel they are buying contains ethanol and that the consumer may need to be concerned about preventing damage to their gas-powered motors. There are no uniform nationwide requirements. Labeling rules are subject to state regulation. Some states do not require labels and the rules for other states vary depending upon the content percentage. There is no uniform

location for placing a label on the pump or specifying its prominence. Additionally, while manufacturers may prohibit the use of gasoline containing ethanol, the consumer may have no option since gasoline containing no ethanol is disappearing from the marketplace.

If the EPA moves forward with a labeling program, it should include national labeling requirements for both E15 and E10. SEMA also believes the current proposal provides too much discretion on where the E15 label should be placed (on the upper two-thirds of each fuel dispenser in a location that is clearly visible to the consumer). There should be more specificity and universal placement for both E10 and E15, and the E15 label should be placed as close as possible to the product selection mechanism on the pump. For example, SEMA recommends that for pumps with multiple activation buttons and one hose, the label should be on the button. For pumps with multiple hoses, it could appear in the same location as the octane ratings for the other hoses (or above/below the octane rating). Finally, the EPA and the Federal Trade Commission (FTC) must coordinate their labeling rules so that they are consistent, comprehensive and do not confuse the consumer.

SEMA again recommends that the EPA suspend the E15 waiver pending definitive studies assuring the public that there will be no harm. Thank you for your consideration of these comments and feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen B. McDonald". The signature is fluid and cursive, with the first name "Stephen" being the most prominent part.

Stephen B. McDonald
Vice President, Government Affairs
Specialty Equipment Market Association