

by a refiner seeking a work-in-progress baseline adjustment.⁷ EPA requests comments on this criterion and whether the specified values are adequate given the type of unit (e.g., hydrotreater) that a refiner would have to install in order to comply. EPA also requests comments on (1) the economic burden, if any, of producing and selling gasoline blendstocks in lieu of finished gasoline, and (2) the economic burden of complying with an unadjusted baseline under the circumstances described above by modifying refinery operations in ways other than installing major refinery units. For instance, the principal source of sulfur in gasoline is the catalytic gasoline blendstock. An option for lowering sulfur would be to lower the catalytic gasoline end point and shift the back (heavy, high boiling) portion of the gasoline into the distillate stream. While this would move barrels of crude oil into distillates and out of gasoline and shift the refinery product mix⁸, it would lower the sulfur content of the catalytic gasoline. EPA also requests information on the effect of crude sulfur levels on gasoline sulfur.

(5) *The refiner has access to a geographically-limited crude supply.* The refiner must show that it could not reasonably or economically obtain crude oil from an alternative source that would permit it to produce conventional gasoline which would comply with its unadjusted baseline. EPA requests comment on this proposed provision and on which criteria that should be used to evaluate "reasonably and economically available".

(6) *The refiner has experienced an average crude sulfur increase of at least 25 percent since 1990.* EPA proposes that the highest annual average crude sulfur slate utilized during the period 1991–1994, inclusive, be used for comparison to 1990 to determine if the "25 percent" criterion is met. Comments are requested concerning the level of difference between 1990 and post-1990 crude sulfur contents that should exist in order to obtain an adjustment, and whether 1991–1994 is an appropriate comparison period or whether some other comparison should be established. Comments are also requested as to whether it is appropriate, and feasible, to distinguish crudes used solely for gasoline production from crudes used to produce other refinery products. If such distinction is possible, EPA believes it would be appropriate to base all calculations pertaining to this proposed baseline adjustment only on those

volumes of each crude used to produce gasoline.

(7) *Gasoline sulfur changes are directly and solely attributable to the crude sulfur change, and not due to alterations in refinery operation nor choice of products.*

(8) *A baseline adjustment is available to both single-refinery and multi-refinery refiners.*

(9) *The eligibility of a refinery of a multi-refinery refiner for this proposed baseline adjustment is not dependent on the RFG production of the other refineries of the refiner.*

EPA is proposing several options for determining the adjusted baseline sulfur value if a refiner meets the above criteria and is approved for a baseline adjustment. EPA will finalize only one option; certain portions of the other proposed options could also be incorporated. For this reason, EPA requests comments on all aspects of the options proposed. For brevity, only OPTION 1 is included in the proposed regulatory language. EPA proposes that, regardless of which option is finalized, the adjusted baseline sulfur value may not exceed 338 ppm, the annual average value specified in 40 CFR 80.91(c)(5)(iii). See the support document for this rule for more discussion related to the various options presented ("Regulation of Fuels and Fuel Additives: Standards for Reformulated and Conventional Gasoline—Detailed Discussion and Analysis", Air Docket A-95-03.)

Option 1: EPA proposes that the adjusted baseline sulfur value be related to the ratio of the sulfur value of the highest sulfur crude utilized in 1994 to the average sulfur content of the crude slate utilized in 1990. Under this option, if a refiner utilized two crudes in its gasoline production in 1994 with sulfur levels of 1000 ppm and 2100 ppm, the higher sulfur crude would be utilized in the determination of the adjusted baseline sulfur value. If, for example, the 1990 average crude sulfur content was 500 ppm (resulting, say, in a 20 ppm baseline), the adjusted baseline sulfur value would be 84 ppm $20 \text{ ppm} \times (2100/500)$. EPA requests comments on this proposed option, including whether the highest sulfur crude from 1991–1994 should be used rather than just considering 1994.

Option 2: EPA proposes that the adjusted baseline sulfur value be related to the ratio of the highest average sulfur content of the crude slate utilized in 1991, 1992, 1993 or 1994 to the average sulfur content of the crude slate utilized in 1990. Using the 1990 baseline and crude sulfur values from Option 1, and average crude sulfur contents of 1000,

1100, 1400, and 1300 ppm for years 1991, 1992, 1993 and 1994, respectively, the adjusted baseline sulfur value would be 56 ppm, i.e., $20 \text{ ppm} \times [1400/500]$. EPA requests comments on this proposed methodology and solicits alternative methods of determining the adjusted baseline sulfur value.

Option 3: EPA proposes that an adjusted baseline sulfur value be determined for each year through 1999. Beginning January 1, 2000, the adjusted baseline sulfur value would be the same as it was in 1999. EPA proposes that the annual adjusted value be determined over the four years prior to the year before the new value takes effect, except for 1995 and 1996 which would be determined as specified in OPTION 1 above (and for which the adjusted baseline sulfur value would be the same). EPA also proposes that if less than a 25 percent difference occurs between the 1990 average crude sulfur level and the average crude sulfur level over a four-year time period, the refiner would receive no additional adjustments, and its most recent adjusted baseline sulfur value would become its permanent baseline sulfur value at that point. For example, the standard for 1997 would be based on the ratio of the average sulfur content of the crude slate utilized in 1992, 1993, 1994 or 1995 to the average sulfur content of the crude slate utilized in 1990. EPA proposes that the resulting adjusted baseline sulfur value be submitted to the Agency for evaluation and approval by June 1 of the year preceding the year for which it would be the standard. In the example given, the adjusted baseline value (and all supporting information) would have to be submitted by June 1, 1996.

EPA requests comments on a refiner's ability, given the other requirements of this proposed option and the proposed requirements used to qualify for an adjusted baseline sulfur value, to choose to process higher sulfur crudes.

Option 4: EPA proposes requirements similar to those presented for option 3 except that adjustments will only be allowed through 1997, i.e., the duration of the simple model years. Beginning in 1998, the adjusted baseline sulfur value would be the value in 1997.

Option 5: EPA proposes that the adjusted baseline sulfur value be the unadjusted baseline sulfur value plus 50 ppm. EPA requests comments on this proposed option, including whether 50 ppm is an appropriate value. EPA specifically seeks comment on the appropriateness of using 100 ppm or 150 ppm instead of 50 ppm.

These five proposed options all result in an adjusted baseline sulfur value

⁷ 40 CFR 80.91(e)(5)(v).

⁸ Because sulfur content of petroleum products increases with the boiling range of the material.