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***DOE OFFICIAL: E15 WAIVER ANNOUNCEMENT DELAY NOT DUE TO DOE TESTING

Despite rumors otherwise, there are no delays at DOE in testing vehicles to run on higher ethanol blends, and last week's EPA announcement postponing the E15 waiver announcement was not due to testing-related factors, an official leading the vehicle testing explained to OPIS today.

The National Renewable Energy Laboratory (NREL), part of U.S. DOE, is conducting tests on the effects that higher-level blends have on Tier 2 and earlier vehicles. The data being compiled by NREL and its sister organization, Oak Ridge National Lab, will include testing on catalytic converters, tailpipe and evaporative emissions, fuel system components, engine durability and on-board diagnostic equipment, explained Keith Knoll, senior project leader for NREL's Fuels Performance Group.

"Many of the [latest] testing programs are coming to a conclusion," Knoll said, noting that the bulk will be done by the end of September. The agency is testing more than 80 vehicles, the majority of which are Tier 2 compliant.

In addition to the five tests listed above, DOE is also conducting engine tear-downs, which was added during the first quarter of this year after agency officials realized there needed to be a study on the long-term mileage effects of the higher ethanol blends in these vehicles, Knoll explained. "We are looking at areas [in the vehicle] where we expect some sensitivity," Knoll said, such as on the pistons, cylinder walls and intake valves.

According to the statement EPA issued late last week, "DOE is on track to complete testing designed to determine the impact of higher ethanol blends on vehicles built after 2007 by the end of September. DOE is also testing some vehicles built before 2007 and is also testing tanks and other fuel handling equipment to see how they might be affected by E15. While results from the tests conducted to-date look good, EPA will not make a final decision until DOE completes its current comprehensive testing of the newer vehicles," the statement noted.

Last year, Growth Energy formally filed a waiver request with EPA, calling for approval of ethanol blends up to 15%. For EPA to approve such a waiver, a number of tests need to be completed. EPA decided late last year to postpone a decision on the issue until mid-2010, when the result of more studies on ethanol usage should be available. It was expected that EPA would make a decision by late summer, but was also relying on DOE to complete several tests beforehand.

From Knoll's perspective, last week's EPA announcement was not due to any DOE testing delay. "DOE has been on schedule and that has not changed or been delayed. If anything, we have pulled it [the schedule] up," he explained. "I think EPA is tasked with a lot. ... and they are trying to figure out at what point do they draw a line in the sand and determine that they have enough data" to make a decision, he noted.

In terms of the testing, Knoll said it is going well. NREL's testing builds on preliminary results published in February 2009, in which testing on 16 late-model vehicles, and 28 small, non-road engines were tested on four different fuel formulations -- E0, E10, E15 and E20. At that time, DOE cautioned that more study was needed.

For this latest set of tests -- called the "full useful life study" -- DOE is using similar fuel formulations from the February 2009 study, but with some changes, Knoll explained. "Based on cost constraints, in some cases testing is only being conducted on a subset of those fuels. Some of the vehicles are being tested on all four fuels. A subset of the vehicles, however, is only being tested on E0, E15 and E20. And a smaller subset is being tested on E0 and E15 only. These concessions were necessary based on both schedule and cost," he noted.

Meanwhile, the DOE labs are first focusing on the testing of later model vehicles (2007 and later vehicles), and then moving on to pre-Tier 2 compliant vehicles. While Knoll wasn't sure why EPA focused on 2007 and later vehicle models in its statement last week, he surmised it was because that was the first year of full compliance for Tier 2 vehicles.

As OPIS reported in January, DOE officials continue to see no smoking gun that indicates any problem with higher ethanol blends in these vehicles. "So far, there have been no red flags, but we want to make sure EPA is working with a good, scientific data set," Knoll noted.

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