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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 1, 1992

REMARKS BY THE PRESIDENT
IN ETHANOL WAIVER CEREMONY

The Rose Garden

2:35 P.M. EDT

THE PRESIDENT: Thank you all very much, and welcome to the Rose Garden. And please be seated.

And let me just thank Senator Dole and Congressman Michel, two of our leaders of the Congress, for being here. Governor Edgar, the Governor of Illinois, with me; Tim Trotter from the Corn Growers, from the National Corn Growers; and Bill Reilly over here -- Bill, come up here now. We need you up here to show a little hands across the border here. (Laughter.) An Veneman is here from the Ag Department, the Deputy Secretary; Linda Stuntz, the Deputy Secretary of Energy is with us -- Linda; and other members of Congress. Welcome, all.

Governor Thompson wanted to be here -- Tommy Thompson --but could not make it this afternoon. And I've asked you all to come here today because we have a very positive announcement, one that will help America's farmers, one that will help clean our air, and one that will promote our energy security by increasing the use of domestically-produced renewable fuels.

And I'm announcing today that the administration has decided to effectively grant a one pound volatility waiver for ethanol. And to do so in a way that is fully consistent with the Clean Air Act and protective of the environment. This one pound waiver will apply to all reformulated gasoline blended with ethanol sold in northern U.S. cities in up to 30 percent of the market of these cities.

And as you know, the Clean Air Act requires that the smoggiest of these cities reduce smog-forming emissions by 15 percent in the summer months. And to make sure that this reduction is achieved, we will require that the volatility of gasoline sold in these cities be reduced to 7.8 pounds per square inch.

Gasoline with this volatility level is being sold in southern cities under current regulations right now. So we have confidence that it can be achieved at little cost to the consumer. In fact, our estimate is that the effect on the price of gasoline would be only about three-tenths of a penny. And our program also permits ethanol use to expand even further.

The governors of states in the northern tier will have the right to allow a waiver on a higher percentage of the market; and if they order further compensating emission reductions. The waiver we are announcing today will apply to all the cities in the north that are required to adopt reformulated gasoline by 1995 and to all northern cities in states that choose to opt into this program.

When southern states choose to opt into the reformulated gas program, they will be able to choose between the regular reformulated gasoline program and one in which ethanol is granted a

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one-pound waiver for up to 20 percent of the market, with offsetting volatility reductions that would require that gasoline with 7.0 RVP be sold.

And, again, we expect gasoline of this kind to be sold in California in 1996; so we know it is possible to proceed in this way. In addition, if ethanol blenders can secure voluntary agreements to get this lower volatility gasoline, they can receive a corresponding waiver under the regular reformulated gasoline program in the south.

And today's waiver is just one part of our program to promote ethanol. We're also going to work for the enactment of an additional tax incentive for ETBE. We're going to expedite the development of the complex model that measures all types of emissions so that the full smog-reducing benefits of ethanol can be measured. And for the coming winter, we're going to make sure that all 39 cities that need help in reducing carbon monoxide participated in the oxygenated fuel program.

The bottom line is this: Clean-building ethanol can help reduce pollution. It is domestically produced. It is renewable. And this waiver will allow ethanol to participate in both the summer and winter programs required under the Clean Air Act. And it will do so in a way that protects all of the environment, all of the environmental benefits that we worked so hard for when that law was enacted.

I know that this question of how to allow ethanol to play a role in our reformulated gasoline program has been extraordinarily complex and a very difficult one. But I am pleased that this creative solution allows us to proceed in a way that is good for farmers, good for rural America, good for the environment in our cities, and good for American consumers and motorists.

So I congratulate all those who have worked hard to achieve this result. And thank you all very much for coming. Thank you very much. That concludes our little ceremony. (Applause.)

Well, I'm very pleased. I was just asking Bill if he feels very comfortable with it, and he does. And, God knows, he's got good environmental credentials -- the best.

Well, thank you all very much for coming down. Concludes a happy event. Thank you. (Applause.)

END

2:45 P.M. EDT

ETHANOL ANNOUNCEMENT / ROSE GARDEN

OCTOBER 1, 1992 / 2:30 P.M.

Revised

SENATOR DOLE, CONGRESSMAN MICHEL, GOVERNOR EDGAR, TIM TROTTER AND PETE WENSTRAND FROM THE NATIONAL CORN GROWERS, ADMINISTRATOR REILLY OF EPA. DEPUTY SECRETARY OF AGRICULTURE ANN VENEMAN. DEPUTY SECRETARY OF ENERGY LINDA STUNTZ AND OTHER MEMBERS OF CONGRESS -- GOOD AFTERNOON AND WELCOME TO THE WHITE HOUSE. GOVERNOR THOMPSON WANTED TO BE HERE, BUT COULD NOT MAKE IT THIS AFTERNOON.

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- 2 -

I'VE ASKED YOU TO COME DOWN HERE TODAY BECAUSE I HAVE A VERY POSITIVE ANNOUNCEMENT -- ONE THAT WILL HELP AMERICA'S FARMERS, ONE THAT WILL HELP CLEAN OUR AIR, AND ONE THAT WILL PROMOTE OUR ENERGY SECURITY BY INCREASING THE USE OF DOMESTICALLY-PRODUCED RENEWABLE FUELS.

I AM ANNOUNCING TODAY THAT THE ADMINISTRATION HAS DECIDED TO EFFECTIVELY GRANT A ONE-POUND VOLATILITY WAIVER FOR ETHANOL -- AND TO DO SO IN A WAY THAT IS FULLY CONSISTENT WITH THE CLEAN AIR ACT AND PROTECTIVE OF THE ENVIRONMENT.

THIS ONE POUND WAIVER WILL APPLY TO ALL REFORMULATED GASOLINE BLENDED WITH ETHANOL SOLD IN NORTHERN U.S. CITIES IN UP TO 30 PERCENT OF THE MARKET IN THESE CITIES.

- 4 -

AS YOU KNOW, THE CLEAN AIR ACT REQUIRES THAT THE SMOGGIEST OF THESE CITIES REDUCE SMOG FORMING EMISSIONS BY 15 PERCENT IN THE SUMMER MONTHS. TO MAKE SURE THAT THIS REDUCTION IS ACHIEVED, WE WILL REQUIRE THAT THE VOLATILITY OF GASOLINE SOLD IN THESE CITIES BE REDUCED TO 7.8 POUNDS PER SQUARE INCH.

- 5 -

GASOLINE WITH THIS VOLATILITY LEVEL IS BEING SOLD IN SOUTHERN CITIES, UNDER CURRENT REGULATIONS, RIGHT NOW - - SO WE HAVE CONFIDENCE THAT IT CAN BE ACHIEVED AT LITTLE COST TO THE CONSUMER. IN FACT, OUR ESTIMATE IS THAT THE EFFECT ON THE PRICE OF GASOLINE WOULD BE ONLY ABOUT THREE-TENTHS OF A PENNY.

OUR PROGRAM ALSO PERMITS ETHANOL USE TO EXPAND EVEN FURTHER.

- 6 -

THE GOVERNORS OF STATES IN THE NORTHERN TIER WILL HAVE THE RIGHT TO ALLOW A WAIVER ON A HIGHER PERCENTAGE OF THE MARKET, IF THEY ORDER FURTHER COMPENSATING EMISSION REDUCTIONS.

- 7 -

THE WAIVER WE ARE ANNOUNCING TODAY WILL APPLY TO ALL THE CITIES IN THE NORTH THAT ARE REQUIRED TO ADOPT REFORMULATED GASOLINE BY 1995 -- AND TO ALL NORTHERN CITIES IN STATES THAT CHOOSE TO OPT-IN TO THIS PROGRAM.

- 8 -

WHEN SOUTHERN STATES CHOOSE TO OPT-IN TO THE REFORMULATED GASOLINE PROGRAM, THEY WILL BE ABLE TO CHOOSE BETWEEN THE REGULAR REFORMULATED GASOLINE PROGRAM -- AND ONE IN WHICH ETHANOL IS GRANTED A ONE POUND WAIVER FOR UP TO 20% OF THE MARKET, WITH OFFSETTING VOLATILITY REDUCTIONS THAT WOULD REQUIRE THAT GASOLINE WITH 7.0 RVP BE SOLD.

AGAIN, WE EXPECT GASOLINE OF THIS KIND TO BE SOLD IN CALIFORNIA IN 1996, SO WE KNOW IT IS POSSIBLE TO PROCEED IN THIS WAY. IN ADDITION, IF ETHANOL BLENDERS CAN SECURE VOLUNTARY AGREEMENTS TO GET THIS LOWER VOLATILITY GASOLINE, THEY CAN RECEIVE A CORRESPONDING WAIVER UNDER THE REGULAR REFORMULATED GASOLINE PROGRAM IN THE SOUTH.

TODAY'S WAIVER IS JUST ONE PART OF OUR PROGRAM TO PROMOTE ETHANOL.

- 10 -

WE ARE ALSO GOING TO WORK FOR THE ENACTMENT OF AN ADDITIONAL TAX INCENTIVE FOR ETBE. WE ARE GOING TO EXPEDITE THE DEVELOPMENT OF THE COMPLEX MODEL, THAT MEASURES ALL TYPES OF EMISSIONS SO THAT THE FULL SMOG-REDUCING BENEFITS OF ETHANOL CAN BE MEASURED. AND FOR THE COMING WINTER, WE ARE GOING TO MAKE SURE THAT ALL 39 CITIES THAT NEED HELP IN REDUCING CARBON MONOXIDE PARTICIPATE IN THE OXYGENATED FUELS PROGRAM.

THE BOTTOM LINE IS THIS. CLEAN BURNING ETHANOL CAN HELP REDUCE POLLUTION. IT IS DOMESTICALLY PRODUCED. IT IS RENEWABLE. THIS WAIVER WILL ALLOW ETHANOL TO PARTICIPATE IN BOTH THE SUMMER AND WINTER PROGRAMS REQUIRED UNDER THE CLEAN AIR ACT -- AND IT WILL DO SO IN A WAY THAT PROTECTS ALL OF THE ENVIRONMENTAL BENEFITS WE WORKED SO HARD FOR WHEN WE ENACTED THAT LAW.

I KNOW THAT THIS QUESTION OF HOW TO ALLOW ETHANOL TO PLAY A ROLE IN OUR REFORMULATED GASOLINE PROGRAM HAS BEEN A COMPLEX AND DIFFICULT ONE. BUT I AM PLEASED THAT THIS CREATIVE SOLUTION ALLOWS US TO PROCEED IN A WAY THAT IS GOOD FOR FARMERS, GOOD FOR RURAL AMERICA, GOOD FOR THE ENVIRONMENT IN OUR CITIES, AND GOOD FOR AMERICAN CONSUMERS AND MOTORISTS.

- 13 -

THANK YOU AGAIN AND WELCOME.

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