

MTBE & Energy Security

Impact Of MTBE Removal

MTBE has been in use since 1973. The impact of the removal of MTBE from the system has never been comprehensively researched into.

ACFA is concerned that there has been no comprehensive and studied approach in performing such an evaluation on an economic, scientific and environmental scale.

Are Stakeholders Paying Attention to all IMPACTS of MTBE Ban?

MTBE ban would be equivalent to loss of substantial premium blend stock volume, requiring significant increase in refinery capacity.

MTBE Ban Example (USA Case Study)

Premises: No spare alkylation capacity; no RVP headroom; replace MTBE with petroleum blend stocks.

REPLACE VOLUME AND ENERGY: Drop out MTBE and replace with naphtha.

REPLACE OCTANE: Restore octane loss by increasing reformate octane, with associated yield losses.

Outcome:

MTBE ban is equivalent to loss of 300 thousand barrels per day of premium blend stock.

MTBE removal needs to be compensated by crude processing capacity equivalent to 5 average US refineries.

A number of economic studies indicate that removing MTBE from the gasoline supply will significantly reduce the production and increase the cost of producing gasoline, as much as \$3.6 - \$10 billion a year (not including additional subsidies for blending additional ethanol, any unplanned refinery outages and distribution system disruptions):

- The CEC describes an immediate MTBE phase out as "catastrophic." CEC estimates the refiner costs of phasing out MTBE (in California only) to be at least 5 to 7 cents/gallon. The State of California's cost estimates are 10 to 20 cents/gallon for accelerated MTBE removal.
- Turner Mason & Co. estimates a national MTBE phase out cost of about 4 to 8 cents/gallon without controls against air quality backsliding.
- MathPro Inc. estimates national MTBE phase out costs of about 4 to 6 cents/gallon above the cost of a California-only ban even with extensive air quality backsliding.
- DOE estimates the average U.S. cost of gasoline will increase by 2.5 to 7 cents per gallon if MTBE is removed.

California's conversion to ethanol will cost an additional 4 cents per gallon for each gallon of ethanol blended into gasoline.

Readers should realise that the future of MTBE in the US is still not decided. Considerable uncertainty exists in the legislative process as to whether or not there will be any impact on the use of MTBE in US cleaner burning gasoline.

During the last four years as the US Congress has debated changes to cleaner burning gasoline, the importance of MTBE as an air pollution fighter, an octane supplier and a gasoline extender has been recognized.

Citizens do not want to pay more for gasoline that results in dirtier air. Congress is unlikely to do anything that significantly raises gasoline prices or causes more air pollution.