

BEFORE THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY
OF THE STATE OF OREGON

IN THE MATTER OF)
ISSUING A VARIANCE OF THE) FINDINGS and
OREGON MOTOR VEHICLE FUEL) ORDER
SPECIFICATIONS)

WHEREAS:

1. On March 25, 2026, the US Environmental Protection Agency (EPA) announced that they would be issuing Clean Air Act waivers that allow gasoline with up to 15% ethanol content (also known as E15) from May 1 through May 20. That same waiver also does away with state or area-specific summer gasoline requirements on Reid Vapor Pressure (RVP), moving the nation towards a common gasoline specification of 10 pounds per square inch (PSI).

2. Under the Clean Air Act, these waivers are limited to 20 days, after which EPA must reassess conditions and may issue a new one at the end of each period. In 2025, EPA issued 7 waivers covering the entire summer gasoline season from May 1 through September 15. Since March, EPA has issued waivers on April 13, April 20, April 30, May 19, June 9, June 29, and July 17 clarifying the scope of the waivers and extending them until August 8.

3. EPA has issued these waivers due to the disruption to global energy markets created by the war with Iran, including strikes against energy infrastructure in the Middle East and the closure of the Strait of Hormuz caused by the conflict, along with lower US oil refining capacity.

4. The conflict has created tighter world energy markets and the factors described in paragraph 3 have pushed retail gas prices in Oregon up by nearly \$1.30/gallon from the start of the year to the current price average around \$4.51, according to data on average fuel prices from AAA accessed on July 16.

5. On May 14, the Environmental Quality Commission (EQC) unanimously approved delegating to the Director of the Department of Environmental Quality (Department) the authority to approve variances from Oregon Administrative Rules chapter 340, division 258-0400(1), if the

1 Director determines that such variances are necessary, appropriate, and remain consistent with the
2 commission's findings. Another prerequisite to the Director issuing a variance is that the EPA has
3 issued a waiver that would result in the application of a different standard from that provided in the
4 Oregon rule, which has occurred.

5 6. The EQC found that Oregon's motor vehicle fuel standards include more stringent
6 summertime volatility requirements, including a 7.8 psi Reid Vapor Pressure (RVP) limit in the
7 Portland and Salem areas, which are intended to reduce emissions that contribute to ground-level
8 ozone formation during the summer months.

9 7. The EQC further found that EPA's waiver creates special circumstances affecting
10 Oregon's summertime fuel requirements that are beyond the control of fuel suppliers and strict
11 compliance with the Oregon rules that are the subject of this variance is inappropriate due to such
12 conditions. The federal waiver allows the sale of higher-volatility gasoline, including in blends such
13 as E15, during the summer season, while Oregon's motor vehicle fuel standards would otherwise
14 continue to require compliance with more stringent volatility limits in the federal regulations for the
15 Portland and Salem areas. Under these circumstances it would be unreasonable, burdensome, and
16 impractical for the state to enforce requirements that the federal government has waived. The EQC
17 further found that maintaining strict compliance during this time could limit supplier flexibility,
18 reduce the availability of gasoline blends and complicate fuel supply planning during the summer
19 months. The variance will align state implementation with the federal waiver, provide clear
20 direction to regulated parties, and allow, but not require, suppliers to offer E15 and other gasoline
21 blends during the waiver period.

22 8. The EQC acknowledged that higher-volatility fuels are generally less protective
23 during ozone season; however, the commission does not expect this variance to result in significant
24 adverse air quality impacts. The EQC directed the Oregon Department of Environmental Quality to
25 monitor air quality conditions and the implementation of this variance and provided that the
26 Department may take action if it finds that the variance is contributing to greater ozone pollution in
27 the state this summer.

1 9. The May 14th EQC variance order language is restated below to provide clarity for
2 the reader:

3 On the basis of these findings and its authority under ORS 468A.075, the commission,
4 by this order delegates authority to the Director of the Department of Environmental
5 Quality to approve variances from Oregon Administrative Rules chapter 340, division
6 258- 0400(1), if the Director determines that such a variances are necessary, appropriate,
7 and remain consistent with the commission's findings above, subject to the following
8 requirements, limitations, and conditions:

9 (1) Class of persons eligible for the variances: Any fuel supplier currently regulated
10 by Oregon Administrative Rules chapter 340, division 258.

11 (2) Variance period: Between and including May 1, 2026, and May 20, 2026,
12 subject to any modifications approved by the Director as described below in this
13 order.

14 (3) Fuel subject to variances: Any gasoline or gasoline blends intended for use in
15 motor vehicles that is subject to Oregon's motor vehicle fuel volatility (RVP)
16 requirements in OAR chapter 340, division 258.

17 (4) Variance prerequisite: That the United States Environmental Protection Agency
18 has issued a waiver for one of more of its motor fuel specifications encoded in
19 40 CFR Part 80 that would result in application of a different standard from that
20 provided in the Oregon rule for which a variance is issued.

21 The commission further delegates its authority under ORS 468A.075 to the Director to
22 issue orders, as the Director deems necessary and appropriate, to (i) modify the date
23 parameters provided in section (2) of this order, if the Director determines that EPA has
24 not continued to waive federal regulations this summer or that the fuel volatility
25 requirements need to return to the stricter 7.8 psi due to ozone pollutant concerns in the
26 Portland and Salem areas, and (ii) make other technical modifications to this order. This
27 delegation of authority shall terminate on January 20, 2027.

1
2 FINAL ORDER

3 The Director finds that extending the variance is necessary, appropriate, and consistent with
4 the EQC's findings on May 14 and hereby enters a final order modifying the above EQC order by:

- 5 1. Extending the variance period from July 19th to August 8th.
6 2. Clarifying that the variance continues to apply to gasoline that has been certified at a
7 refinery or which has been introduced in a pipeline during the variance period, even if the fuel is
8 distributed and sold into vehicles after the variance period has ended.
9
10

11 07/17/2026

12 Date

Shannon Davis

Leah Feldon, Director
Oregon Department of Environmental Quality

On behalf of