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SUBJECT: EPA Air – Transition to Lower Sulfur Content in Non-Highway Diesel Fuel and Locomotive/Marine Diesel Fuel

ISSUE: Transition Deadlines and Dispenser Label Requirements

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EXECUTIVE SUMMARY

The next transition to lower sulfur diesel fuels is set to take place this year. The change will require petroleum marketers in defined geographic areas of the country to turn non-highway and locomotive/marine diesel fuel storage tanks over to lower sulfur product and change diesel fuel sulfur content labels on dispensers. The transition to lower sulfur diesel fuel and the dispenser label requirements differ between the NEMA and NON-NEMA geographic areas (defined below) In addition to the transition to lower sulfur non-highway and locomotive/marine diesel fuels, new 15-ppm ULSD highway diesel fuel labels must be affixed to dispensers by October 1, 2010.

TRANSITION TO LOWER SULFUR NON-HIGHWAY DIESEL FUEL AND NEW DISPENSER LABELS

PMAA has received many inquiries lately on the transition this year to lower sulfur non-highway and locomotive/marine diesel fuels and the requirement for new EPA sulfur content labels for dispensers. There is much confusion over this issue due to a regulatory glitch in the original low sulfur rule that the EPA only recently corrected in a new rulemaking released last week.

First, it is important to note that the June 1, 2010 transition to 15-ppm non-highway ULSD in the NEMA area and 500-ppm non-road and locomotive/marine in the NON-NEMA area is for **refiners only**. Also, there are no dispenser label changes required on June 1, 2010. The transition dates in both the NEMA and NON-NEMA areas for terminal operators and wholesale petroleum marketers is August 1, 2010 while retailers and wholesale purchaser/consumers must turn their non-road and locomotive/marine tanks over by October 1, 2010. Specific sulfur reductions and dispenser labels differ in the NEMA and NON-NEMA areas of the country. Moreover, an additional label change for 15-ppm highway ULSD is also required in both the NEMA and NON-NEMA areas by December 1, 2010.

NEMA AREA ULSD TRANSITION DATES AND DEADLINE FOR DISPENSER LABELS

15-PPM NON-ROAD ULSD: Wholesale petroleum marketers must make the transition from 500-ppm non-highway LSD to 15-ppm non-highway ULSD no later than August 1, 2010. Retailers and wholesale purchaser consumers must make the transition to 15-ppm non-highway ULSD by October 1, 2010. Retailers and WPC must affix the following label to dispensers by October 1, 2010:

ULTRA-LOW SULFUR NON-HIGHWAY DIESEL FUEL (15 ppm Sulfur Maximum)

**Required for use in all model year 2011 and later non-road diesel engines.
Recommended for use in all other non-highway diesel engines.**

WARNING
Federal law prohibits use in highway vehicles or engines.

If retailers and WPC complete the transition to non-highway ULSD between June 1, 2010 and October 1, 2010, the new label above may be applied to the dispenser before October 1, 2010 so long as the tank is completely turned over to 15-ppm non-highway ULSD. Or, in the alternative, the 500-ppm non-highway LSD label may be left on the dispenser until October 1, 2010 even though the tank has been turned over to 15-ppm non-highway ULSD. But in either case, the transition to 15-ppm non-highway ULSD must be completed and the new dispenser label attached no later than October 1, 2010.

15-PPM HIGHWAY ULSD: Retailers and WPC in the NEMA area may affix the following new 15-ppm highway label to dispensers any time between June 1, 2010 and December 1, 2010. However, this label must be affixed to highway ULSD dispensers no later than December 1, 2010 (this label replaces the current 15-ppm highway ULSD dispenser label):

**ULTRA-LOW SULFUR HIGHWAY DIESEL FUEL
(15 ppm Sulfur Maximum)**

**Required for use in all highway diesel vehicles and engines.
Recommended for use in all diesel vehicles and engines.**

500-PPM LOCOMOTIVE/MARINE LSD: The following label must be affixed to locomotive/marine LSD dispensers in the NEMA area as of October 1, 2010:

**LOW SULFUR LOCOMOTIVE AND MARINE DIESEL FUEL
(500 ppm Sulfur Maximum)**

WARNING

**Federal law prohibits use in non-road engines or in highway vehicles
or engines.**

NON-NEMA 500-PPM NON-HIGHWAY LSD TRANSITION & DISPENSER LABEL REQUIREMENTS

In the NON-NEMA area of the country, the transition to 15-ppm non-highway ULSD is not **required** until 2014 because small refiners, transmix processors and refiners using credits may produce 500-ppm non-highway LSD and/or 500-ppm locomotive/marine LSD diesel until June 1, 2014. However, 15-ppm non-highway ULSD is expected to be widely available. In addition, 500-ppm non-highway LSD and/or 500-ppm locomotive/marine LSD may be sold in the NON-NEMA area until October 1, 2014 (500-ppm fuel from the NON-NEMA cannot be used in the NEMA area during this time). High sulfur non-highway, locomotive/marine diesel fuel may be sold in the NON-NEMA area until October 1, 2010.

500-PPM NON-HIGHWAY LSD: Wholesale petroleum marketers in the NON-NEMA area must make the transition from high sulfur non-highway diesel fuel to 500-ppm non-highway LSD by August 1, 2010. Retail petroleum marketers and WPC must make the transition from high sulfur non-highway diesel fuel to 500-ppm non-highway LSD by October 1, 2010. Retailers and WPC in the NON-NEMA area must affix the following label to all 500-ppm non-highway LSD dispensers by October 1, 2010:

**LOW SULFUR NON-HIGHWAY DIESEL FUEL
(500 ppm Sulfur Maximum)**

WARNING

**Federal law prohibits use in all model year 2011 and newer non-road engines.
May damage model year 2011 and newer non-road engines.
Federal law prohibits use in highway vehicles or engines.**

15-PPM NON-HIGHWAY ULSD: Retailers and WPC in the NON-NEMA area must affix the following label to all 15-ppm non-highway ULSD dispensers by October 1, 2010 (Use this label only if the sulfur content of the product in the tank is 15-ppm or less):

**ULTRA-LOW SULFUR NON-HIGHWAY DIESEL FUEL
(15 ppm Sulfur Maximum)**

**Required for use in all model year 2011 and later nonroad diesel engines.
Recommended for use in all other non-highway diesel engines.**

WARNING

Federal law prohibits use in highway vehicles or engines.

15-PPM HIGHWAY ULSD: Retailers and WPC in the NON-NEMA area may affix the following new 15-ppm highway ULSD label to dispensers any time between June 1, 2010 and December 1, 2010. However, this label must be affixed to dispensers no later than December 1, 2010 (this label replaces the current 15-ppm highway ULSD dispenser label):

**ULTRA-LOW SULFUR HIGHWAY DIESEL FUEL
(15 ppm Sulfur Maximum)**

**Required for use in all highway diesel vehicles and engines.
Recommended for use in all diesel vehicles and engines.**

500-PPM LOCOMOTIVE/MARINE LSD: The following label must be affixed to locomotive/marine LSD dispensers in the NON-NEMA area as of October 1, 2010:

**LOW SULFUR LOCOMOTIVE AND MARINE DIESEL FUEL
(500 ppm Sulfur Maximum)**

WARNING

**Federal law prohibits use in nonroad engines or in highway vehicles
or engines.**

NEMA (Northeast/Mid-Atlantic)Area: The following states and counties are located in the NEMA area: all six New England states; New York state (except for the counties of Chautauqua, Cattaraugus, and Allegany); New Jersey; Delaware; North Carolina; Virginia; Maryland; District of Columbia; Pennsylvania (except for the counties of Erie, Warren, Mc Kean, Potter, Cameron, Elk, Jefferson, Clarion, Forest, Venango, Mercer, Crawford, Lawrence, Beaver, Washington, and Greene); and the eight eastern-most counties of West Virginia (Jefferson, Berkeley, Morgan, Hampshire, Mineral, Hardy, Grant, and Pendleton).

NON-NEMA Area: Everywhere else except California and Alaska