

Davis Delays Ban of MTBE

BY DEBORAH SCHOCH
and DAN MORAIN
TIMES STAFF WRITERS

Gov. Gray Davis announced Friday a one-year delay on banning the pollutant MTBE from the state's gasoline supplies, explaining that he wants to avoid price hikes and shortages as the state moves to use ethanol as a substitute.

The announcement was met with sharp criticism from municipal water officials and environmentalists who noted that a study directed by the state continues to find MTBE, a possible carcinogen, leaking into ground water.

The ban, which Davis called for in 1999, was originally intended to take effect at the end of this year. MTBE, or methyl tertiary butyl ether, has been widely detected in drinking water wells across the state after leaking from underground gas tanks. Leaks have persisted even after the installation of new, reinforced tanks.

The use of MTBE, an oxygenate that reduces air pollution while boosting engine power, became widespread in the early 1990s.

Speaking in Redondo Beach, Davis said that the state's gasoline will be MTBE-free by January 2004. He said the delay will allow a more orderly transition and protect California drivers from paying as

much as \$3 a gallon at the pump, as one consultant had predicted.

"You elected me to prevent harm to California," Davis told elected officials and South Bay residents gathered outside the new Redondo Information Tech Center.

He warned that a hasty transition could make the state hostage to "another out-of-state energy cartel." He was referring to Midwestern producers of ethanol, the most commonly available oxygenate that can be substituted for MTBE. The federal Clean Air Act requires the use of oxygenates in gasoline.

The governor said he wanted to avoid a "second energy crisis," a reference to the dramatic spike in electricity prices last year following the state's deregulation of energy.

"We've seen this movie before, and I am not going to allow Californians to be held hostage by another energy cartel," Davis said.

He also blamed the delay on the Bush administration and the U.S. Environmental Protection Agency for its denial last summer of California's request for a waiver of the federal mandate that an oxygenate—such as MTBE or ethanol—must be added to the state's gasoline.

He said he has spoken to President Bush directly and is not optimistic that the administration will change its mind.

Cities Worry About Their Water Supplies

The delay sparked anger among water providers and officials whose water supplies have been contaminated.

"A one-year delay from the broader perspective may not seem like a big deal, but it will be a big deal for any of those communities who have to shut down their wells from MTBE," said Craig Perkins, director of public works management for Santa Monica, where seven of the city's 11 wells were shut down because of MTBE contamination. "It's a very big deal for us."

William Mills, general manager of the Orange County Water District, expressed a similar view.

"We're disappointed. We would like to see [the ban] occur on schedule," Mills said. "The sooner we get the additive out of our gasoline, the less threat posed by this chemical to our water supplies."

Marguerite Young, the California director of the environmental group Clean Water Action, said she was sympathetic to the position that Davis was placed in, but disagreed with his decision.

"I think he was faced with a Solomon-type decision, and we clearly wish that he had found it possible to stick with" the original deadline, she said.

Upcoming Election Casts Shadow Over Decision

Sacramento lobbyist V. John White, who represents the Sierra Club, said Davis' decision to delay the ban "is not a positive." But White and some other environmentalists believe Davis can repair the damage by earmarking money for a cleanup of MTBE. Two bills are pending in the Legislature that would raise fees on oil companies and generate \$200 million a year, much of which would be used to clean up MTBE.

In announcing the delay, Davis vowed to guard water supplies but did not elaborate, saying that more information would be available next week.

Davis' decision to put off the ban reflects an election year gamble that it is more risky to cause a big run-up in gas prices than to provoke the ire of environmentalists, municipal water officials and residents of communities with tainted water supplies.

"If the question is, 'Could Gray Davis afford to have a shortage of gasoline?' the answer is, 'No governor could,'" said Democratic consultant Darryl Sragow.

"Californians take certain things for granted. One is getting where we want in cars. No one in public office is going to want to mess with that," he added. "Californians desperately want clean air, but not at the expense of having to wait in long lines to get gasoline."

If Davis had not delayed the ban, there was at least a chance of a price spike by November, noted Winston Hickox, the head of the California Environmental Protection Agency.

Hickox said that oil companies generally change their fuel mixtures on Nov. 1. If ethanol had not been available, he said, "there could have been a price consequence."

More likely, Hickox said, the price spike would have occurred early next year.

The state estimates that it would consume as much as 900 million gallons of ethanol a year, or roughly half the ethanol now produced in the nation. Given the demand, the governor feared it could have left the state subject to price manipulation.

But unlike the electricity crisis of last year, when Los Angeles and other areas served by municipal power authorities were spared, the entire state could suffer in an ethanol shortage.

"Our view is there is one major company [that] controls a huge segment [of the ethanol market], and the top seven companies control 70%," Hickox said. "The profile of that causes the governor concern."

Davis' action comes as Congress continues to debate energy legislation.

The Senate legislation requires that ethanol be added to gasoline nationally by 2004, with levels rising to 5 billion gallons by 2012. Sen. Dianne Feinstein (D-Calif.) plans to seek a delay in the requirement for California.

Some critics questioned why Davis would delay the ban despite the fact that an ongoing six-county study by an agency overseen by the State Water Resources Control Board has shown that MTBE continues to leak.

The board of the California Groundwater Resources Assn. wrote the governor last week to urge him to not delay the ban.

In its letter, the board said the California Energy Commission was supposed to develop a timetable to remove MTBE from gasoline no later than the end of this year.

"Clearly, the CEC has failed to live up to its responsibility not only to you as Governor but also to all Californians," wrote the board.

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