

**Comments on: “Evaluating The Clean Air
Act: State Implementation Plans
and the Effectiveness of Regionally
Differentiated Fuel Standards”
by
Joseph E. Aldy and Maximilian Auffhammer**

Stephen P. Holland—University of North Carolina
Greensboro & NBER



Motivation and results

- States implement CAA
 - Federal designation of nonattainment based on NAAQS
 - States develop Implementation Plans (SIPs)
 - Federal approval of SIPs with oversight and monitoring
- Considerable state discretion
 - Laboratory of democracy (Brandeis '32)
 - Is “laboratory” successful?
- This paper
 - Utilizes variation in regionally differentiated fuel standards
 - RFG (reformulated gasoline) (Fed & CA)
 - RVP (Reid vapor pressure) (Fed)
 - “Boutique” fuels
 - Low-emissions diesel (?)
 - Outcomes
 - Ambient ozone concentrations
 - On-road gasoline NO_x and VOC emissions (NEI)
 - Gasoline prices

Comment: Modeled NEI data

- Problem: My car doesn't have CEMS monitor
 - Your car doesn't either
- EPA National Emissions Inventories (NEI)
 - NEI onroad sources “uses the MOVES model to compute onroad source emissions based on model inputs provided by State, Local, and Tribal air agencies”
- How are emissions of NO_x and VOCs modeled?
 - Do the MOVES model parameters accurately capture differences across fuel types?
- May explain inconsistency in Boutique fuel results
 - Large effects on modeled “emissions”
 - No effect on ambient concentrations

Comment: Prices

- Boutique fuels don't increase prices
 - FTC staff report

- California RFG increases prices
 - “Mystery gasoline surcharge”
 - Borenstein 2019
 - Is this cost based or market power based?



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
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Before the
ENVIRONMENTAL PROTECTION AGENCY

Study of Unique Gasoline Fuel Blends (“Boutique Fuels”), Effects on Fuel Supply and
Distribution and Potential Improvements, EPA 420-P-01-004
Public Docket No. A-2001-20

Comments of the Staff of the
General Counsel, Bureau of Competition and Economics, and the
Midwest Region
of the Federal Trade Commission¹

January 30, 2002

¹ This comment represents the views of the staff of the Office of General Counsel, the Bureau of Competition and Economics, and the Midwest Region of the Federal Trade Commission. They are not necessarily the views of the Federal Trade Commission or any individual Commissioner. The Commission has, however, voted to authorize the staff to submit these comments.

Summary

- This paper is novel contribution with important results
- Analysis of differentiated fuel standards
 - Limited other studies (none?) despite importance of fuel standards in regulations and in reducing pollution
- Does laboratory of democracy work?
 - Are best or worst policies being adopted by other states?
 - Is EPA learning about possibilities from state-level experimentation?