



THE ADMINISTRATOR
WASHINGTON, D.C. 20460

July 17, 2026

The Honorable Mike Dunleavy
Governor of Alaska
PO Box 110001
Juneau, AK 99811

Re: Emergency Fuel Waiver for Arctic Diesel

Dear Governor Dunleavy:

By this letter, the U.S. Environmental Protection Agency (EPA) is issuing a temporary waiver under Clean Air Act (CAA) section 211(c)(4)(C)(ii)(I) to address extreme and unusual fuel supply circumstances caused by, among other things, global issues in the Middle East that are affecting deliveries of diesel fuel in the West Coast of the United States. This action waives the diesel sulfur requirements for certain diesel-powered highway and nonroad vehicles and nonroad equipment for 20 days within the region of Alaska above the Arctic Circle.¹

As you know, regulations promulgated under the CAA require the use of Ultra Low Sulfur Diesel (ULSD) fuel meeting 15 parts per million (ppm) sulfur specifications in diesel-powered highway and nonroad vehicles and nonroad equipment. EPA's diesel fuel sulfur standards were promulgated to enable the use of advanced emission control technologies on modern diesel engines that are otherwise damaged by exposure to higher sulfur levels in diesel fuel. Prior to EPA setting emissions standards for diesel engines premised on the use of low sulfur diesel fuel, diesel engines were designed to operate and were certified in compliance with the then existing emissions standards when operating on high sulfur diesel fuel in the market at the time. Much of this fleet of older technology diesel-powered highway vehicles and nonroad equipment remains in operation today within the Arctic Circle. There are also a small number of topping refineries (simple refineries capable of separating diesel fuel from crude oil) that produce heating oil to serve the region and, prior to EPA setting diesel fuel sulfur standards, also produced high sulfur diesel fuel for use in diesel-powered highway and nonroad vehicles and nonroad equipment. Under the terms of this action, these topping refineries can again produce high sulfur diesel fuel for use in diesel-powered highway vehicles produced prior to the 1994 engine model year and in nonroad equipment with engines produced prior to the start of the Tier 3 emissions standards.² The

¹ For the purposes of this waiver, when we refer to the Arctic Circle, we mean areas within the State of Alaska that are north of the 66th Parallel.

² Most 1994 model year on-highway trucks will have 1993 model year diesel engines which can use high sulfur diesel fuel under the conditions of the waiver. The model year of the engine can be confirmed from the emissions label on the side of the engine. The start of the Tier 3 and Tier 4 nonroad diesel engine standards varies by category of engines and products. A complete list of EPA standard years for nonroad diesel engines can be found here - <https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100OA05.pdf>. The emissions label on the side of a diesel engine will also

production of higher sulfur diesel fuel from these topping refineries within the Arctic Circle for use in older diesel engines in this region designed to operate on such high sulfur diesel fuel will reduce the demand for ULSD in this region which is otherwise trucked into the region, helping to reduce the overall demand for ULSD from refineries within PADD 5.³ In doing so, the waiver addresses the extreme and unusual fuel supply circumstances arising from global issues in the Middle East that could not have been foreseen or prevented and which is reducing the supply of ULSD within PADD 5.

Global energy markets have been disrupted by Iranian attacks against tankers transiting the Strait of Hormuz and strikes against oil and gas infrastructure across the Middle East, as well as lowering U.S. refining capacity. Per the U.S. Energy Information Administration (EIA), the Strait of Hormuz is one of the world's most important oil chokepoints. In the first half of 2025, the Strait averaged 20.9 million barrels per day (bpd), approximately 20 percent of global petroleum liquids consumption and 25 percent of total global maritime traded oil.⁴ In 2025, the U.S. imported roughly 490,000 bpd of crude oil from Persian Gulf countries, representing about 8 percent of total U.S. crude imports and about 3 percent of U.S. refinery gross inputs.⁵ As of 2025, four U.S. refineries imported more than 50,000 bpd of crude oil from the Persian Gulf region.⁶ In addition to crude oil, in 2025 the U.S. imported roughly 42,600 bpd of finished petroleum products from Persian Gulf countries, representing roughly 6 percent of all imported finished petroleum products during that same period, as well as 126,000 bpd of unfinished oil.⁷

The EIA Short Term Energy Outlook (STEO), released on March 10, 2026, noted that “High uncertainty about the conflict’s effect on oil supplies has added a large risk premium to oil prices as market participants assess actual disruptions to oil flows and weigh the potential for those disruptions to persist.” Additionally, the STEO highlights that as a result of the reduction in shipping through the Strait of Hormuz, some oil production has been shut in and that, if the reduction continues, “oil storage behind the chokepoint will quickly fill, causing oil producers to shut in even more production, lending further support to oil prices.”⁸ Additionally, the STEO released on April 7, 2026, noted that “[t]he closure of the strait has dramatically reduced the availability of oil supplies to global markets and has had cascading effects across oil supply chains.” Furthermore, despite the reopening of the Strait of Hormuz last month, EIA does not expect the majority of shut-in crude oil production to be back online until the first quarter of 2027 (1Q27).⁹

Overall, U.S. refining capacity has decreased over the past several years, caused by the permanent closures of refineries due to low demand during the COVID-19 pandemic, damage from hurricanes, accidents, as well as economic closures and reconfigurations, especially in California. As of the week ending March 6, 2026, refinery utilization was 90.8 percent, which is 4.3 percent above utilization at the

indicate the emission standards to which the product is certified. Nonroad engines with emissions labels that indicate the engines are certified to the Tier 1 or Tier 2 emissions can use the high sulfur diesel fuel allowed to be produced under the terms of this waiver. Nonroad engines certified to the Tier 3 or Tier 4 emissions standards may not use the high sulfur diesel fuel allowed under this waiver and must continue to use ULSD.

³ Petroleum Administration for Defense District (PADD) 5 refers to the states of Alaska, Arizona, California, Hawaii, Nevada, Oregon and Washington grouped together for reporting and tracking by the United States Energy Information Administration (EIA) because of their interconnected petroleum supply system and markets.

⁴ https://www.eia.gov/international/analysis/special-topics/World_Oil_Transit_Chokepoints

⁵ https://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbbldpd_a.htm;

<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgirius2&f=a>.

⁶ <https://www.eia.gov/petroleum/imports/companylevel/>

⁷ <https://www.eia.gov/petroleum/imports/companylevel/>

⁸ https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

⁹ https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

same time last year.¹⁰ Given this high utilization rate, refineries have minimal ability to produce more refined products, such as ULSD, in the event of a supply disruption.

As of July 3, 2026, national distillate inventories remain 12.9 percent below the five-year average.¹¹ In PADD 5 distillate inventories are approximately 7.1 percent below the five-year average.¹² These inventories, both nationwide and in PADD 5, are not expected to recover to historical norms until early 2027. Nationwide operable crude capacity at U.S. refineries was 490,000 barrels per day lower in December 2025 than it was in January 2019.¹³ Lower refining capacity in recent years provides less cushion to mitigate any unexpected disruptions to refinery operations or sudden increases in customer demand. These concerns are even greater in PADD 5, where the closure of 284,000 barrels/day of California refining capacity and a 5.4 percent decline in distillate imports to PADD 5 compared to the five-year average has increased supply risk in the region.¹⁴

Additionally, on January 20, 2025, President Trump declared a National Energy Emergency stating, in part, that America needs “a reliable, diversified, and affordable supply of energy . . . to sustain the basics of modern life and military preparedness.” The declaration also states that “the United States’ insufficient energy production, transportation, refining, and generation constitutes an unusual and extraordinary threat to our Nation’s economy, national security, and foreign policy.”¹⁵

EPA has concluded, with concurrence from the U.S. Department of Energy, that it is in the public interest to take action to address the extreme and unusual supply circumstances that prevent distribution of an adequate supply of ULSD to consumers in PADD 5.

CAA section 211(c)(4)(C)(ii)(I)-(III) provides EPA with the authority to temporarily waive a control or prohibition if the Administrator makes certain determinations. In particular, the statute authorizes EPA to determine there are “extreme and unusual fuel [] supply circumstances” that prevent the distribution of an adequate supply of ULSD to consumers.¹⁶ Here, EPA is exercising the Agency’s statutory discretion to identify a lack of an “adequate fuel supply” under these unique circumstances of a particularly unexpected and extreme form of disruption. This extreme and unusual fuel circumstance is the result of ongoing issues in the Middle East, among other events that could not reasonably have been foreseen and are not attributable to a lack of prudent planning on the part of suppliers of fuel to these areas.¹⁷

Furthermore, I have determined, pursuant to CAA section 211(c)(4)(C)(ii)(III), that it is in the public interest to grant this waiver.¹⁸ In taking this action, EPA is seeking to address the extreme and unusual fuel supply circumstances in the market by waiving the diesel sulfur standards in 40 C.F.R. § 1090.305 under the following limited conditions:

¹⁰ <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WPULEUS3&f=W>

¹¹ <https://www.eia.gov/petroleum/supply/weekly/>

¹² <https://www.eia.gov/petroleum/supply/weekly/>

¹³ <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MOCLEUS2&f=M>

¹⁴ <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MOCLEP52&f=M>

¹⁵ 90 FR 8433 (Jan. 29, 2025).

¹⁶ 42 U.S.C. § 7545(c)(4)(C)(ii)(I).

¹⁷ *Id.*; 42 U.S.C. § 7545(c)(4)(C)(ii)(II).

¹⁸ 42 U.S.C. § 7545(c)(4)(C)(ii)(III).

1. The waiver is limited to highway and nonroad vehicles and nonroad equipment originally certified for operation on high sulfur diesel fuel and which will be fueled and operated above the Arctic Circle;
2. The non-ULSD fuel is not used in any diesel-powered highway and nonroad vehicles and nonroad equipment that is equipped with a diesel particulate filter or catalytic emission control technology;
3. The non-ULSD fuel is segregated from any fuel that is sold or labeled as ULSD fuel, and;
4. To prevent or minimize instances of misfueling, persons distributing and dispensing non-ULSD fuel under this waiver must provide the following warning to the diesel-powered highway and nonroad vehicles and nonroad equipment owners or operators using non-ULSD fuel:

"WARNING: USE OF DIESEL FUEL EXCEEDING THE 15 PPM SULFUR STANDARD IN ANY VEHICLE/ENGINE EQUIPPED WITH A DIESEL PARTICULATE FILTER OR CATALYTIC EMISSION CONTROL DEVICE MAY CAUSE SERIOUS DAMAGE TO THE VEHICLE/ENGINE AND ITS EMISSIONS CONTROL COMPONENTS. ANY PARTY THAT USES ANY FUEL ALLOWED UNDER THIS WAIVER ASSUMES ALL RESPONSIBILITY FOR DAMAGE TO THE VEHICLE/ENGINE. THE USE OF HIGH SULFUR DIESEL FUEL MAY NECESSITATE THE USE OF HIGH TBN ENGINE OILS AND MORE FREQUENT ENGINE OIL CHANGES TO PREVENT PREMATURE ENGINE WEAR. YOU SHOULD CONSULT YOUR ENGINE SUPPLIER TO DETERMINE THE APPROPRIATE MAINTENANCE INTERVALS WHEN OPERATING ON HIGH SULFUR DIESEL FUEL."

Providing this warning shall be a substitute for compliance with the designation requirements in 40 C.F.R. § 1090.1100(a)(2). Other than the Product Transfer Document (PTD) requirement with the warning language required under this waiver, all other reporting requirements for diesel sulfur under 40 C.F.R. § 1090 are waived.

In addition, I have determined pursuant to CAA Section 211(c)(4)(C)(iii)(I) that this waiver applies to the region of Alaska north of the Arctic Circle, the smallest geographic area necessary to address the fuel supply circumstances described in this action. 42 U.S.C. § 7545(c)(4)(C)(iii)(I).

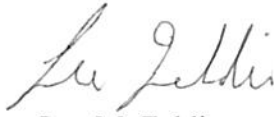
After weighing the societal benefits of a higher volume of diesel fuel being made available to the public and the limitation of the use of the fuel to engines originally designed for operation on high sulfur diesel fuel, EPA concludes that this waiver is in the public interest. Therefore, to minimize or prevent disruptions of the supply of ULSD, EPA is waiving the standards in 40 C.F.R. § 1090.305 that govern diesel sulfur and under this waiver, EPA is allowing diesel fuel to be distributed and sold with a sulfur level up to 5,000 ppm sulfur.

This waiver applies only to the applicable federal requirements cited above. Regulated parties who produce, sell, and distribute diesel fuel must continue to comply with all applicable requirements and conditions that do not relate to diesel sulfur requirements in 40 C.F.R. Part 1090. Other state or local requirements or restrictions related to this matter may need to be addressed by the appropriate authorities.

Any diesel meeting the conditions of the waiver that was introduced into domestic pipelines or which has been certified at the fuel manufacturing facility gate or import facility, prior to the expiration date of an element of this waiver, as demonstrated by either the PTDs or Certificates of Analysis (COAs), may be distributed and sold in subject area until the volume identified on the PTDs or COAs is depleted.

If you have questions, you are welcome to contact me, or your staff may contact John Eunice, Principal Deputy Associate Administrator for Congressional and Intergovernmental Relations, at 202-564-5200 or Eunice.John@epa.gov.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lee Zeldin". The signature is fluid and cursive, with the first name "Lee" and last name "Zeldin" clearly distinguishable.

Lee M. Zeldin

cc: The Honorable Chris Wright, Secretary of Energy