



Compliance Overview

Motor Vehicle Diesel Fuel Rule



Compliance Goals

- Assure compliance with:
 - The 15 ppm sulfur standard -- from the refinery through all levels of the distribution system, including at retail outlets and wholesale purchaser-consumer facilities
 - Other standards & requirements for 15 ppm motor vehicle diesel fuel -- cetane/aromatics, no dye unless tax exempt
 - Refiner/importer 15 ppm volume requirements (80% of motor vehicle diesel fuel meets 15 ppm sulfur standard)



Compliance Goals (cont.)

- Assure Compliance With:
 - Temporary compliance option, Small refiner options, GPA, and hardship provisions
 - 500 ppm motor vehicle diesel standards
 - Downgrading limitations & recordkeeping
 - Credit generation, transfer and use
 - Additive standards & use
 - Diesel fuel pump stand labels
 - Recordkeeping and reporting requirements



Compliance Goals (cont.)

- Prevent:
 - Misfueling & Misdeliveries
 - Contamination of 15 ppm fuel
 - Use of used motor oil in MY 2007 and later vehicles
 - Use of kerosene not meeting standards



Sulfur Standards

Level	Standard
Refiner and importer	15 ppm
Downstream	15 ppm but with negative 2 ppm test result adjustment (§ 80.580(a)(4)).
Temporary Compliance Option & Small Refiners	500 ppm--only for pre-MY 2007 vehicles



Other Standards and Dye Requirements

- Current cetane/aromatics standards also apply to 15 ppm mvdf
- Refiner or importer must continue to dye nonroad diesel (“visible evidence”)
- Internal Revenue Code dye requirements are not changed



EPA Inspections and Audits

- EPA will monitor compliance through:
 - Sampling and testing mvdf at all levels of the distribution system
 - Auditing refiners, importers and other parties (e.g., temporary compliance option, GPA option, credits, downgrading limitations)
 - Inspecting reports, records, PTDs, commercial documents



Pump Labels and Vehicle Labels

- Diesel fuel pump stands must be labeled as prescribed by § 80.570
 - 15 ppm: "LOW-SULFUR DIESEL FUEL"
 - 500 PPM: "HIGH-SULFUR DIESEL FUEL"
 - Nonroad: "NONROAD DIESEL FUEL – WARNING
May damage or destroy highway engines and their emission controls. Federal law prohibits use in any highway vehicle"
- MY 2007 vehicles: "Low-Sulfur Diesel Fuel Only" (near fuel inlet and on dashboard)



Implementation Dates

Location	Date
Refiner compliance with 15 ppm standard	June 1, 2006
Downstream locations except retail, wp-c	July 15, 2006
Retail/Wp-c:	Sept. 1, 2006
End of production or import of 500 ppm fuel by all refiners and importers	June 1, 2010
15 ppm sulfur only for downstream parties except retailers & wpc's	Oct. 1, 2010
15 ppm sulfur only for retailers & wpc's	Dec. 1, 2010



Additives

- Additives Blended Downstream
 - Must have and maintain PTDs;
 - Must meet 15 ppm std.; or
 - May exceed 15 ppm if <1% of total volume of fuel and PTD provides specified warnings; must not be used by consumers
 - If additive causes diesel fuel to exceed 15 ppm, downstream blender liable
- Additives for Consumer Use Only
 - Container must state whether complies with 15 ppm sulfur standard; OR
 - Does not comply with 15 ppm sulfur std. and may not be used in MY 2007 and later vehicles



Winter Kerosene Blending

- Kerosene must meet the 15 ppm sulfur standard if it is blended into fuel distributed as 15 ppm mvdf
 - PTD to blender must indicate the kerosene meets the 15 ppm standard; OR
 - The blender must have test results showing that the kerosene complies with the 15 ppm standard



Exemptions (§§ 80.602 and 80.501)

- Fuel for use in vehicles having an EPA National Security Exemption
- Fuel for use in tactical military vehicles under limited conditions
- Exported fuel with PTD identifying it for export



Credit Use & Transfers

- Credits generated under this rule may not be used for any purpose other than meeting the mvdf volume requirements
- Generation and use in same CTA
- Transfers only permitted between refiners/importers
- One extra transfer permitted after initial transfer
- Non-refiners/importers cannot take title

Refiner Hardship Waivers & Enforcement Discretion



- Extreme hardship - refiner may petition Agency to allow delayed compliance with the 15 ppm standard if cannot produce 15 ppm fuel on time despite best efforts (§ 80.560)
- Force Majeure - refiner or importer may petition Agency to exercise enforcement discretion (§ 80.561)
 - Extreme, unusual and unforeseen circumstances
 - Substantial conditions provided in § 80.561
- In both cases, fuel exceeding 15 ppm sulfur content can only be used in pre MY 2007 vehicles



Violations and Liability

- Violation of prohibited acts or requirements are subject to penalties
- Presumptive liability scheme like other fuels programs (RFG, Volatility, Gasoline sulfur)
 - Liability for selling, transferring, etc. nonconforming fuel at your own facility
 - Liability for downstream violations
 - “Vicarious” liability for branded refiners



Defenses

- In general, defense elements to presumptive liability include:
 - Did not cause
 - PTDs account for product and show product in compliance when in custody of the party
 - Quality assurance program including sampling and testing
 - Truck carriers who do not take title may have alternative oversight in lieu of testing
 - Retailers/Wp-c's are not required to sample and test
 - If downstream blender blends additive with sulfur content > 15 ppm into motor vehicle fuel, as part of defense must test every batch of fuel after blended



Foreign Refiner Provisions

- Importer cannot earn volume credits for Certified DFR Diesel produced by foreign refiner