

Questions and Answers on the Renewable Fuel Standard Program

Assessment and Standards Division
and
Compliance and Innovative Strategies Division

Office of Transportation and Air Quality
U.S. Environmental Protection Agency

Introduction

The final rulemaking for the Renewable Fuel Standard (RFS) program was signed by the EPA Administrator on April 10, 2007 and published in the Federal Register on May 1, 2007 [72 FR 23900]. Since the program begins on September 1, 2007, regulated parties will need to design and implement their information technology (IT) systems in a relatively short period of time. To assist these regulated parties, we have collected questions pertaining to a variety of implementation issues and generated responses to those questions. This document was prepared by EPA's Office of Transportation and Air Quality (OTAQ), and will be updated periodically as new questions arise.

Regulated parties may use this document to aid in achieving compliance with the RFS program regulations. However, this document does not in any way alter the requirements of these regulations. While the answers provided in this document represent the Agency's interpretation and general plans for implementation of the regulations at this time, some of the responses may change as additional information becomes available, or as the Agency further considers certain issues.

This question and answer document does not establish or change legal rights or obligations. It does not establish binding rules or requirements and is not fully determinative of the issues addressed. Agency decisions in any particular case will be made applying the law and regulations on the basis of specific facts and actual action.

While we have attempted to include answers to all of the questions submitted to us, the necessity for policy decisions and/or resource constraints may have prevented the inclusion of certain questions. Questions not answered in this document will be answered in subsequent updates. Questions that merely require a justification of the regulations, or that have been previously answered in the preamble to the regulations and require no further elaboration have been omitted.

Table of Contents

List of Acronyms	4
1. Valid renewable fuels and Equivalence Values.....	5
2. Generating RINs and assigning them to batches of renewable fuel	6
3. Transferring RINs with renewable fuel	11
4. Separating RINs from renewable fuel.....	13
5. Market for separated RINs.....	17
6. Obligated and nonobligated parties	18
7. Renewable Volume Obligations (RVO).....	19
8. Company and Facility Registration	20
9. Recordkeeping and Product Transfer Documents (PTDs).....	21
10. Reporting and the EPA's Central Data Exchange (CDX).....	23
11. Other questions	26
12. Examples of RIN generation, assignment, and transfer.....	27

List of Acronyms

BBBBB	RIN code identifying the batch number
BOL	Bill of lading
CDX	Central Data Exchange
CFR	Code of Federal Regulations
E85	Blend of 85% ethanol and 15% gasoline
ETBE	Ethyl tertiary butyl ether
EV	Equivalence Value
K	RIN code indicating that the RIN is assigned or unassigned
NRLM	Nonroad locomotive and marine diesel fuel
PTD	Product Transfer Document
RIN	Renewable Identification Number
RR	RIN code identifying the Equivalence Value
RVO	Renewable Volume Obligation
YYYY	RIN code identifying the year renewable fuel was produced or imported

1. Valid renewable fuels and Equivalence Values

1.1 If I have a renewable fuel that was assigned a specific Equivalence Value in regulation Section 80.1115, but I don't think that Equivalence Value is right for my product, what options do I have?

A: *Producers or importers of renewable fuel may submit a petition to the EPA requesting a different Equivalence Value from that assigned in the regulations. However, the petition must use the calculation methodology described in regulation Section 80.1115(d). In short, if the energy content or renewable content of a producer's or importer's product differs from the values used by EPA to calculate the Equivalence Values specified in regulation Section 80.1115(b), the party may be entitled to an alternative Equivalence Value.*

1.2 I will be making renewable gasoline from renewable crude. Section 80.1115(b)(6) of the regulations says I must use an Equivalence Value of 1.0 even though renewable gasoline clearly warrants a higher Equivalence Value. Can I submit a petition?

A: *Yes. See regulation Section 80.1115(c)(2). However, for renewable fuels other than renewable diesel which are made from renewable crudes, information on the energy content and/or renewable content may be difficult to obtain. This is why we designated the Equivalence Value for such fuels as 1.0, and specified that the applicable volumes must be measured according to the volume of renewable crude rather than the volume of the final product. In cases where information on the energy content and renewable content can be determined precisely, a different Equivalence Value may be warranted.*

In addition, regulation Section 80.1126(d)(6) allows a party to petition EPA to use the volume of the renewable fuel produced as the basis for generating RINs rather than the volume of the renewable crude used to make that product.

1.3 What is the Equivalence Value for E85? Is it 0.85 since its renewable content is only 85 percent?

A: *No. Equivalence Values are generated and apply to renewable fuel at the point of production or importation, not at the point of blending. Thus it is denatured ethanol, not E85 (nor E10) to which the Equivalence Value applies. A party blending denatured ethanol into gasoline to produce E85 may receive assigned RINs with the denatured ethanol. Since the party is producing motor vehicle fuel from the renewable fuel (analogous to an oxygenate blender), he will separate the RINs from the volume of ethanol received and can then retain or transfer those RINs to any other party.*

2. **Generating RINs and assigning them to batches of renewable fuel**

2.1 Ethanol is imported on an undenatured basis. Do we assign the RINs to the denatured volume or the undenatured volume?

A: *Denatured. See regulation Sections 80.1101(d)(3) and 80.1115(b)(2).*

2.2 We are importers who import ethanol without denaturant, but with the intent to use it as motor fuel. When the RIN is generated, we maintain ownership of the ethanol, but we do not have custody and we do not add the denaturant. Would we include our company ID number and use the facility number of the denaturing facility (i.e. they would have to be registered)?

A: *The owner of the denaturing facility would not necessarily be a registered party under the regulations. The company and facility IDs of the importing party who owns the renewable fuel at the time a RIN is generated (based on the volume of renewable fuel with denaturant) are the company and facility IDs that must be included in the RIN. (The owner of the renewable fuel should know the volume of the fuel coming out of the denaturing facility since it owns and will either sell or use the denatured fuel.) The importing company that owns the fuel would need to register the facility, typically leased tankage, with which it has contracted to store and denature the renewable fuel (i.e., has custody) as one of its own facilities with its own facility ID number. This means that a facility owned by a company that simply leases tankage may never be a registered party but several registered importers may have a separate facility ID for that tankage facility. This scenario would not apply to domestic producers because ethanol intended to be used as motor fuel would be denatured at the facility where it was produced.*

2.3 A refinery can produce non-ester renewable diesel by processing renewable feedstock through a distillate hydrotreater. In this situation, the refinery must assign RINs based on the feed volume. I assume the refinery can follow the rules for defining a batch (i.e. a batch can be up to the production volume of a month as long as the batch total volume is less than 100 million gallons).

A: *Yes. However, it is the total number of gallon-RINs, not the total volume, that must be less than 100 million. See regulation Section 80.1126(c).*

2.4 When a plant determines the volume of ethanol for a first and last gallon of a RIN, what's the reference point? Gallons at load-out through a metering system like Determan Brownie? (Since this is the point where they're adjusting the gallons to 60 degrees F)?

A: *Renewable fuel producers and importers have flexibility in terms of the specific means through which they measure volumes for purposes of generating RINs. However, the approach should ensure that gallons are neither systematically ignored nor systematically double-counted. Also, approaches that provide consistent volumes for both the RFS program and other contexts such as reporting to the Energy Information Administration are preferred. To the degree that measuring volumes at load-out through a Determan Brownie metering system meets these criteria, it would be acceptable.*

Under the regulations, RINs must be generated for a volume of renewable fuel by the time that that volume is transferred to another party (at which time, the RINs are “assigned” to the renewable fuel pursuant to regulation Section 80.1126(e)(2)). Thus the volume measurement used as the basis of RIN generation can occur as the renewable fuel is produced, as it resides in a tank awaiting transfer from the producer/importer, or as it is pumped to a new owner.

2.5 Within the RIN, D = 2 for non-cellulosic biomass ethanol and D = 1 for cellulosic biomass ethanol. How is biodiesel coded?

A: *All renewable fuels that cannot be categorized as cellulosic biomass ethanol should be assigned RINs with a D code value of 2. Thus biodiesel would have D = 2. See regulation Section 80.1125(g).*

2.6 Can an ethanol or biodiesel plant keep a RIN?

A: *In general, producers of renewable fuel must assign all RINs that they generate to volumes of renewable fuel and transfer those RINs with the renewable fuel to another party. However, there are some exceptions. First, producers of cellulosic or waste-derived ethanol can retain RINs generated in excess of an Equivalence Value of 1.0 (see regulation Section 80.1126(e)(4)). Second, a renewable fuel producer who is also an obligated party can retain RINs generated up to the level of their annual RVO (see regulation Section 80.1129(b)(6)). Lastly, producers can acquire an unlimited number of unassigned RINs through the open RIN market.*

2.7 No Equivalence Value was provided for ETBE. What value do I use for generating RINs for ETBE?

A: *The RFS program prohibits a party from generating RINs if the renewable feedstock used to make the renewable fuel was acquired from another party. Any RINs acquired with the renewable feedstock (e.g., ethanol) must be assigned to the renewable fuel product (e.g., ETBE) made from that feedstock. If the ethanol used to make ETBE does not have RINs associated with it (i.e.*

the RINs have been properly separated prior to receipt of the ethanol by the ETBE producer), then the ETBE producer would neither generate RINs for the ETBE it produces, nor assign any RINs to that ETBE. Thus there is no need for an Equivalence Value for ETBE. See regulation Section 80.1126(d)(8).

2.8 I will be making ethanol from both cellulosic feedstocks and corn in my plant. How do I know what Equivalence Value to use, and how do I assign RINs to batches?

A: There are two possible ways to address this situation. If the volume of each type of ethanol can be measured independently and precisely (for example, in a facility where the conversion of cellulosic feedstocks to ethanol occurs through separate equipment from that used to convert corn to ethanol), RINs can be generated separately for each type of ethanol with a unique Equivalence Value. The same batch number (RIN code BBBBB) can be used to represent all the gallon-RINs generated, but the gallon-RINs representing the cellulosic ethanol will need to be listed separately from the gallon-RINs representing the corn-ethanol, since the two groups of RINs will have different RR codes (representing different Equivalence Values).

Alternatively, we have created a regulatory mechanism through which the producer may submit a petition to the Agency describing the renewable fuel, its feedstock and production process, and the calculation of its Equivalence Value. See regulation Section 80.1115. This petition process can be used to identify an appropriate Equivalence Value for mixtures of renewable fuels.

2.9 Are RINs generated at the end of the month based on actual quantities for that period, or are they established at the beginning of the month based on estimates of production that month (i.e. "x" gallons, and once "x" gallons are exceeded the RIN starts over?)

A: All RINs represent actual production, not estimates. However, there is no need to wait until the end of a month to generate RINs. Each producer and importer should decide what the batch number (the BBBBB code in the RIN) will represent. The regulations require only that each batch represent no more than the volume produced or imported within a calendar month, and less than 100 million gallon-RINs. One party may decide to assign each week's production a unique batch number, while another may decide to assign each tankfull a unique batch number. Regardless, gallon-RINs can be generated as volumes are produced and transferred. As more volume of renewable fuel is produced, additional gallon-RINs are generated within the same batch, up to the self-imposed

or regulatory limit for that batch. Then a new batch with a new BBBB code begins.

- 2.10 If a plant establishes RINs at the beginning of the month and defines it as one month's production estimate (e.g. 8 million gallons), what happens if the plant produces more than 8 million gallons by the end of the month? Does the plant then start issuing a new batch number for the next 8 million gallon RIN? What if this happens in the middle of filling a rail car?

A: RINs are not generated at the beginning of a month. Rather, gallon-RINs must have been generated by the time a volume of renewable fuel is transferred from the producer or importer to another party (at which point the RINs are assigned to that volume). See regulation Section 80.1126(e)(2). A producer or importer of renewable fuel can decide on its preferred approach of designating batch numbers (the BBBB code in the RIN), and then put this batch number into all gallon-RINs generated up to a calendar month's production or 100 million gallon-RINs, whichever comes first.

If a producer/importer had predefined a specific volume limit (such as 8 million gallons) for each batch, and this limit was exceeded in the middle of filling a rail car, the producer/importer would have two options. Since the 8 million gallon limit is self-imposed, he could simply exceed this limit for this particular batch. Alternatively, he could generate a new set of gallon-RINs having a new batch number for the volume that exceeded 8 million gallons. In this latter case, the renewable fuel in the rail car would be transferred along with two separate batch-RINs, which differ only in the batch number (i.e. the BBBB code) and the number of gallon-RINs they represent.

- 2.11 Do batch numbers have to be sequential? Do they have to correspond to the month that they represent (i.e. 1 - 12)?

A: Batch numbers need not be sequential and need not represent a full month. They need only be unique within a calendar year. Each producer or importer of renewable fuel can define a batch in whatever way it chooses, so long as each batch represents less than 100 million gallon-RINs and no more than one calendar month's production. See regulation Sections 80.1125(e) and 80.1126(c). Examples of permissible batch numbering schemes include individual tankfulls, calendar day production, weekly production, and volume sold to each customer each month.

- 2.12 When the program starts, will renewable fuels in the distribution system on September 1, 2007 be valid for RFS compliance purposes?

A: *In some cases, yes. Renewable fuels that are valid for RFS compliance purposes are those for which RINs have been generated. Under regulation Sections 80.1104 and 80.1126(d)(1), RINs must be generated to represent renewable fuels that are produced or imported on or after September 1, 2007. However, our regulations do not define the point at which production occurs. It could be the point of physical production, loading into a tank, or transfer to another party. Thus, under regulation Section 80.1126(d)(2), RINs can also be generated for renewable fuel that a producer or importer owns on September 1, 2007 even if that renewable fuel had been physically produced or imported prior to September 1. Since some renewable fuel will be in the distribution system while remaining under the ownership of a producer or importer on September 1, 2007, it may be assigned RINs even though it has already physically left the originating production or importation facility. In such cases, renewable fuel in the distribution system on September 1, 2007 may have assigned RINs.*

Parties other than renewable fuel producers and importers are not allowed to generate RINs at any time (including for renewable fuel in the distribution system on September 1, 2007). Renewable fuel producers and importers may generate RINs for renewable fuel they own on September 1, 2007 that was produced or imported earlier, and must generate RINs for renewable fuel produced or imported on or after September 1, 2007.

2.13 Can a producer aggregate multiple shipments into a single batch up to a threshold quantity as long as the batch is within one calendar month?

A: *Yes. In the context of generating RINs and specifying the BBBBBB code, producers and importers have the option to define a batch as being comprised of several discreet shipments within a calendar month, so long as the total number of gallon-RINs assigned a unique batch number is less than 100 million. See regulation Sections 80.1125(e) and 80.1126(c).*

2.14 When is a RIN generated for ethanol that is imported into the U.S.?

A: *Ethanol imported for use as motor vehicle fuel would typically be downloaded from a ship into on-shore tankage and then denatured. (Ethanol shipped to the United States from other countries is not typically denatured prior to or during shipment.) Importers should generate RINs for imported ethanol when the denaturant is added at the off-loading tankage. Thus, the facility number used to create these RINs would be the tankage facility where the denaturant is added. See also question 2.2.*

2.15 Regulation Section 80.1126(d)(1), which says "must," seems in conflict with Section 80.1126(d)(2) which says "may". Is the correct reading that any volume

of renewable fuel that leaves a producer's gate on or after 9/1/07 MUST have RINs assigned?

A: *Renewable fuel producers and importers may generate RINs for renewable fuel they own on September 1, 2007 that was produced or imported earlier, and must generate RINs for renewable fuel produced or imported on or after September 1, 2007. Thus at the beginning of the program, it is possible that some volumes of renewable fuel being transferred by a renewable fuel producer or importer may not have assigned RINs. However, this will not be the case in the longer term, since all renewable fuel imported or produced must have assigned RINs.*

2.16 What's the difference between generating a RIN and assigning it?

A: *Generating a RIN refers to the process of creating a new RIN to represent a particular type and volume of renewable fuel. See regulation Section 80.1126(d). Assignment occurs when the producer or importer of the renewable fuel transfers a RIN to another party along with a volume of renewable fuel. See regulation Section 80.1126(e).*

Note that the regulations do not specify the point when generation of RINs must occur. Under regulation Section 80.1126(e)(2), it is only at the point when a volume of renewable fuel leaves the production or importation facility where it originated that RINs must have been generated for, assigned to, and transferred with that volume. Since the EPA does not specifically define the point of production or importation, a producer can generate RINs as the renewable is being physically produced, as it sits in a tank awaiting transfer to another party, or even while the renewable fuel is being transferred to another party.

3. Transferring RINs with renewable fuel

3.1 The final rule on page 23909 (Federal Register, volume 72) states that any non-obligated party that takes ownership of the renewable fuel with RINs will be required to transfer those RINs with a volume of renewable fuel. Does this refer to oxygenate blenders?

A: *No, as long as the blender actually blends the renewable fuel into gasoline or diesel. In that case, the blender would be required to separate the assigned RINs from the blended renewable fuel, and could then transfer the RINs to any party without simultaneously transferring a volume of renewable fuel. See regulation Sections 80.1128(a)(3) and 80.1129(b)(2).*

3.2 If an oxygenate blender must transfer RINs with a volume of renewable fuel, who are they transferring to, if they are the final/end-user?

A: If any oxygenate blender blends renewable fuel into gasoline or diesel, he is no longer required to transfer RINs and renewable fuel together.

3.3 Do third party marketers like Provista need to track RINs from the ethanol plant to the buyer?

A: If Provista takes ownership of ethanol along with assigned RINs, it would be required to register with the EPA and would be subject to the recordkeeping and reporting requirements of regulation Sections 80.1151(d) and 80.1152(c). The tracking required under the RFS rule involves only transfers of title (ownership), not transfers of custody. If Provista never takes ownership of ethanol with assigned RINs and does not participate in other ways in the RFS program (for example, through the purchase and sale of unassigned RINs), it would not be required to register with, or report to, EPA under the RFS program.

3.4 Will ethanol and biodiesel plants have to track the RIN all the way to the refiner, or just to the next owner of the renewable fuel?

A: See previous question and answer. Each party that owns assigned or unassigned RINs, including an ethanol or biodiesel production plant, is required only to keep records of and report transfers of ownership of those RINs to the next owner. See regulation Sections 80.1151 and 80.1152.

3.5 The RIN is too long to fit onto my bill of lading. What are my options?

A: An assigned RIN must appear in its entirety on product transfer documents (PTDs) identifying a transfer of ownership of a volume of renewable fuel. Substitute codes are not permitted. See regulation Section 80.1153. (In general PTDs would not include bills-of-lading, which are used for transfers of custody rather than transfers of ownership.) However, the PTD transferring the RINs can be a separate and parallel PTD from that used to transfer the renewable fuel to which those RINs are assigned. In this case, the PTD transferring the renewable fuel must include the number of gallon-RINs being transferred and a unique reference to the PTD which is transferring the assigned RINs, but need not list the actual RINs. See regulation Section 80.1153(a)(5)(ii). PTDs can be electronic, including computer spreadsheets.

3.6 How do owners of the ethanol account for product samples taken at the plant and downstream relative to RINs? Likewise, how is standard product shrinkage (i.e. when ethanol is transferred to a terminal) handled relative to RINs?

- A: *In general, the RINs associated with small volumes removed for sampling and testing, or lost due to evaporation, leakage, or metering imprecision, remain valid for RFS compliance purposes. Small volume losses can be accommodated through the regulatory provision which allows up to 2.5 gallon-RINs to be transferred with each gallon of renewable fuel. See regulation Section 80.1128(a)(4). For larger volumes losses resulting from spills or other accidents, a provision exists for retiring the associated RINs. See regulation Section 80.1132.*
- 3.7 How does a marketer split RINs that go to downstream buyers (i.e. next owners like a refiner)?
- A: *Parties such as marketers that are required to transfer assigned RINs with renewable fuel are not required to align the number of gallon-RINs transferred with the number of gallons transferred for every transaction. Rather, the regulations require only that the number of assigned gallon-RINs (with a K code of 1) transferred with each gallon of renewable fuel be no more than 2.5. See regulation Section 80.1128(a)(4) and preamble discussion at page 23939, column 3. Within this limit, a marketer is free to allocate gallon-RINs to volumes of renewable fuel in whatever way he chooses, so long as an end-of-quarter check on the balance of RINs versus renewable fuel in inventory is met. See regulation Section 80.1128(a)(5).*

4. Separating RINs from renewable fuel

- 4.1 Does blending biodiesel into agricultural diesel (or other nonroad diesel such as NRLM diesel) allow the RIN to be separated?

A: *EPA believes that most fuel that can be used as motor vehicle fuel and which otherwise meets the definition of “renewable fuel” (such as biodiesel and ethanol) will ultimately be used as motor vehicle fuel. Therefore, producers of such products can assume that they meet the definition of “renewable fuel” and can assign RINs to them without tracking their ultimate use.*

However, if fuel with assigned RINs is actually blended into gasoline or diesel that is known to be destined for use in a nonroad application such as agricultural equipment, the presumption that led the fuel producer to assign RINs to the product is no longer valid. Such fuel cannot be considered a motor vehicle fuel and thus is not in fact a “renewable fuel” that is valid for RFS compliance purposes. In such cases, the blender should treat the RINs associated with the blended fuel in the same way as for fuel with assigned RINs that is used in a heater or boiler (see question

4.2). See also preamble Section III.B.1 and Summary and Analysis of Comments Sections 3.1.2 and 3.1.4.

4.2 If renewable fuel is produced and sold as motor vehicle fuel, what happens if it is actually used in a heater or boiler?

A: *Renewable fuel is defined as “motor vehicle fuel,” so does not include fuel used in heaters and boilers. However, due to the operation of reasonable presumptions, RINs may be generated for fuel that is ultimately used in a heater or boiler, and use of those RINs for compliance purposes depends on the circumstances.*

If a producer or importer transfers fuel to another party with the intent or expectation that it will be used in a boiler or heater, the producer or importer cannot generate RINs for that volume. Likewise, fuel used onsite in a boiler or heater by a renewable fuel producer or importer is not a renewable fuel in the context of the RFS program, and thus no RINs can be generated for that volume.

However, if a producer or importer transfers fuel to another party with the intent or expectation that it will be used as a motor vehicle fuel, and such fuel otherwise meets the definition of “renewable fuel,” RINs will legitimately be generated to represent that volume. Nevertheless, it is possible that the fuel would subsequently be used in a heater or boiler. Since fuel used in heaters and boilers is not considered motor vehicle fuel or, therefore, renewable fuel, in general the RINs generated to represent that fuel should be not be used for RFS compliance purposes. If the party who used the renewable fuel in a heater or boiler did not receive RINs with the renewable fuel (for example, if RINs were separated from the fuel upstream), we would not require any further action from the party who used the renewable fuel in a heater or boiler and the separated RINs could be used for compliance purposes by the upstream party that separated them or to whom they were transferred, provided that they were not aware that the fuel would ultimately be used in a heater or boiler. However, if the party that used the fuel in a heater or boiler received assigned RINs with that fuel, the party cannot use the RINs for compliance purposes or transfer those RINs to any other party. Such RINs would be considered “invalid” under regulation Sections 80.1131(a)(6) and 80.1101(d)(5).

4.3 Can an oxygenate blender separate RINs from batches of renewable fuel and participate in trading?

A: *Yes, if the blender actually blends renewable fuel that it owns into gasoline or diesel. Separated RINs then become unassigned RINs that can be traded without renewable fuel. See regulation Section 80.1129(b)(2). See also questions 3.1 and 3.2.*

4.4 A refinery can produce non-ester renewable diesel by processing renewable feedstock through a distillate hydrotreater. In this situation, the refinery must assign RINs based on the feed volume. The refiner is then both an obligated party and a renewable fuel producer and as such can separate the RIN immediately. Is this correct?

A: *Yes, since under regulation Section 80.1129(b)(1) all obligated parties must separate RINs from batches they own. However, an obligated party can only separate RINs that it generates from volumes of renewable fuel if the number of gallon-RINs separated is less than or equal to its annual RVO. See regulation Section 80.1129(b)(6).*

4.5 Do we have to keep some type of spreadsheet listing the assigned RINs and the "flipping" of the K code to designate that we stripped them?

A: *Under the regulations at Section 80.1151, a party that separates RINs from volumes of renewable fuel is subject to certain recordkeeping requirements. There is no specific recordkeeping requirement to show the timing or conditions under which the K code for a RIN was changed from 1 to 2. However, RINs received with a K code of 1 that were separated by a party should be reported with K codes of 2. The format of records (e.g. spreadsheets versus paper records) is left to the discretion of the party.*

4.6 Since they receive 1.5 RINs per gallon, can a biodiesel plant separate the RIN from a physical gallon?

A: *No. Producers and importers of renewable fuel must assign all RINs generated to renewable fuel, and transfer those RINs when transferring volumes of renewable fuel to another party. See regulation Section 80.1126(e)(1). There are limited exceptions to this rule that do not apply to biodiesel. See regulation Section 80.1126(e)(4) and response to Question 2.6.*

4.7 I am a small refiner who is exempt from meeting the standard. Am I allowed to separate RINs from batches of renewable fuel?

A: *Exempt small refiners and refineries are not obligated parties. As a result, they cannot separate assigned RINs from volumes of renewable fuel upon ownership of the renewable fuel. However, if the exempt small refiner/refinery blends renewable fuel into gasoline or diesel, they are operating as a blender and can separate the RINs associated with the renewable fuel added to the blended product. A small refiner/refinery that waives its exemption becomes an obligated party and must also separate assigned RINs from volumes of renewable fuel upon ownership.*

4.8 If I import ethanol for someone else, and they blend the ethanol into gasoline, do I get the RINs?

A: In general, all rights and responsibilities under the RFS program that are tied to renewable fuel are based on ownership of fuel, not custody. Thus if you own the ethanol even though another party blends it into gasoline, then you would separate the RINs associated with the ethanol and would retain or transfer them to another party depending on the situation. If, however, your involvement was only to physically supply the ethanol while never taking ownership of it, then you would not own the RINs and could not separate them upon blending - that would be the responsibility of the owner of the ethanol.

4.9 At our terminal, we transfer ownership of ethanol to our customers simultaneously with blending that ethanol into gasoline. Who owns the RINs?

A: A RIN assigned to a volume of renewable fuel is separated by the party that owns that volume of renewable fuel at the time of blending. If a downstream customer is the owner of the volume of renewable fuel when it is blended into gasoline or diesel, he will own the separated RINs and be subject to all the registration, recordkeeping, and reporting requirements. In the case of a blender and a downstream customer who might both lay claim to the right to separate any assigned RINs, these two parties would need to come to agreement between themselves regarding which party will own the separated RINs.

4.10 Are refiners required to separate RINs from renewable fuel? If a refiner doesn't want the RINs, why can't he just let the blender have them?

A: Obligated parties are required to separate a RIN from a volume of renewable fuel if they take ownership of that volume. See regulation Section 80.1129(b)(1) and the limited exception in regulation Section 80.1129(b)(6). The requirement to separate RINs, rather than merely giving obligated parties the right to separate RINs, is intended to promote the availability of RINs on the open RIN market. Given that most ethanol is consumed in the midwest, the program is intended to promote access to RINs by obligated parties elsewhere that may lack access to renewable fuel.

An obligated party that separates a RIN from a volume of renewable fuel has the option of transferring that RIN to a blender in parallel with a transfer of renewable fuel. However, in this case, the RIN would be an unassigned RIN with a K code of 2, and would be transferred on a PTD separate and independent from that used to transfer the renewable fuel.

5. Market for separated RINs

5.1 Will non-obligated parties in possession of RINs create a RIN shortage?

A: *The in-use production volumes of renewable fuel are expected to exceed the requirements of the RFS program by a substantial margin. As a result, we expect there to be a surplus of RINs for at least the first few years of the program, and this surplus means it is highly unlikely that non-obligated parties could acquire and retain enough RINs to cause a shortage. In addition, we expect refiners and other obligated parties to take ownership of renewable fuel with assigned RINs directly from producers in a majority of cases. Nevertheless, EPA will monitor program implementation to ensure that RINs that have been generated are making their way to the obligated parties that need them.*

5.2 If blenders either opt not to trade or are not allowed to trade, who will be responsible for tracking these RINs through the system?

A: *The blender must submit quarterly RIN transaction reports to EPA that will document all RIN transactions, including RIN purchases, RIN sales, and expired RINs. RINs that are reported purchased and thereafter are not sold will be identifiable through these reports. See regulation Section 80.1152(c).*

5.3 Which non-obligated parties are allowed to participate in the credit trading program? Producers (with extra value RINs), oxygenate blenders, marketers?

A: *Anyone can participate in the RIN trading program, subject to the requirement that the party first register with the EPA and then adhere to other regulatory requirements, including submitting required reports (such as quarterly reports on RINs held).*

5.4 Can RINs at a plant expire? Or does expiration only refer to RINs held by obligated parties?

A: *Expiration of a RIN is tied only to the amount of time that has elapsed since it was generated, not who owns the RIN. RINs are valid for compliance purposes for the compliance year in which they were generated (i.e. the YYYY code in the RIN) or the following year. No matter who owns a RIN at the end of its valid life, it expires if it is not used for compliance purposes for the year generated or the following year. See regulation Section 80.1127(a)(3). But in general, since non-obligated parties must transfer assigned RINs with renewable fuel (see regulation Section 80.1128(a)(3)), it is expected that most RINs that expire will do so*

in the hands of obligated parties and renewable fuel blenders. See regulation Section 80.1127(a)(3).

5.5 A RIN generated in 2007 is valid for compliance purposes for both 2007 and 2008, but obligated parties are given until February, 2009 to demonstrate compliance for 2008. How do they use a 2007 RIN that expired at the end of 2008 for compliance purposes if they don't acquire that 2007 RIN until January of 2009?

A: *The expiration date of a RIN refers only to the calendar year for which it can be used for compliance. There is no limitation or expiration date for trading purposes other than the deadline for the obligated party's annual compliance demonstration report. Thus a RIN generated in 2007 can continue to be traded in 2009, but if acquired in 2009 by an obligated party it could only be used for a 2008 compliance demonstration.*

5.6 Who reports expired RINs?

A: *Every party must report RINs owned that have expired as of the end of the fourth quarter of each year. This report is due on February 28 of the following year and will identify RINs that expired in the fourth quarter of the previous calendar year. Since RINs always expire at the end of a calendar year, all expired RINs will be reported.*

Since obligated parties have until February 28 to submit their annual compliance demonstrations to EPA (or, for 2007 compliance only, May 31), we allow RINs to be traded between January 1 and February 28 even if they were generated two year previous. This means that RINs that are reported by a party as expired on December 31 can still be transferred to another party after December 31. Designating a RIN as expired is only a means of categorizing the RIN and does not mean that the RIN has been relinquished, frozen, or surrendered to the EPA. Since this requirement may cause some confusion, we intend to promulgate a technical correction to the RFS rule to eliminate the requirement that RINs be reported as "expired."

6. Obligated and nonobligated parties

6.1 Are gasoline blenders no longer considered obligated parties? I have seen references to gasoline refiners and importers. (Of course, gasoline refiners may also serve as blenders).

A: *The regulatory definition of a refiner includes gasoline blenders. Any party that produces gasoline from non-renewable feedstocks or*

blendstocks is an obligated party under the RFS program. This would include gasoline blenders unless their sole activity is adding renewable fuels to conventional gasoline. See regulation Sections 80.1106(a)(1) and 80.1107(d)(1).

6.2 I am a small volume renewable fuel producer, and so should be exempt from the requirement to generate RINs and assign them to renewable fuel that I produce. Do I need to submit a form to EPA proving that I produce less than 10,000 gallons a year?

A: No. Small volume producers are automatically exempt. However, if a small volume producer chooses to register as a renewable fuel producer under the RFS program, they will be subject to all the regulatory provisions that apply to all renewable fuel producers, including the requirement to assign RINs to batches. See regulation Section 80.1126(b).

6.3 Who is a renewable fuel producer? Will the EPA recognize ethanol marketing companies as producers? Can the term "producer" apply to a marketing company who represents various producing plants?

A: Renewable fuel producers are parties that produce renewable fuel (i.e. convert a renewable feedstock into a renewable fuel). RINs must be generated by the producer and assigned to renewable fuel by the time title to the renewable fuel is transferred from the producer to another party such as a marketer. See regulation Sections 80.1126(d)(1) and (e)(2). In turn, the marketer must transfer assigned RINs to the party to whom the marketing company sells the ethanol.

Marketing companies who "represent" renewable fuel producers are not producers unless the marketing company produces renewable fuel, and such a company would only generate RINs for that part of the renewable fuel that they actually produced. Ethanol marketing companies that do not produce or import renewable fuels are not renewable fuel producers or importers and cannot generate RINs.

7. Renewable Volume Obligations (RVO)

7.1 If a specific refinery is the producer of renewable diesel, I assume they need a facility ID number, but we can use the RINs for aggregate company compliance.

A: Yes. The facility ID number is used to generate the RIN, but the RIN can be separated and used for compliance on a company-wide aggregate basis, subject to any applicable restrictions in the regulations such as regulation Sections 80.1106(c) and 80.1129(b)(6).

7.2 If an ethanol producer imports a truckload of gasoline, they are an obligated party and have an RVO. Does this mean that they can separate RINs from all the ethanol they produce?

A: *Not necessarily. Obligated parties can only separate RINs they generated for renewable fuel they produced or imported up to the level of their RVO. They are not allowed to separate additional RINs that they generated. However, obligated parties must separate all RINs from renewable fuel that they own if they did not generate those RINs. See regulation Sections 80.1129(b)(1) and (b)(6).*

7.3 Who actually calculates the RVO? The refinery or EPA?

A: *Each obligated party calculates the RVO itself, based on its annual gasoline volume. See regulation Sections 80.1152(a)(1)(v) and (vi).*

7.4 CARBOB doesn't appear in the list of fuels comprising the RVO (regulation Section 80.1107). However, in the Preamble, EPA mentions RBOB and CBOB. Is CARBOB considered a subset of RBOB?

A: *The regulations include in the list of products to be included in the volume used to calculate the RVO "Any gasoline, or any unfinished gasoline that becomes finished gasoline upon the addition of oxygenate, that is produced or imported to comply with a state or local fuels program." CARBOB would fall under this category. See regulation Section 80.1107(c)(6).*

8. Company and Facility Registration

8.1 When will the EPA registration forms be ready to obtain the plant and facility ID numbers?

A: *Registration forms may be submitted any time after May 1, 2007, the publication date of the final RFS rules. See regulation Section 80.1150(a). Registration forms and instructions are linked to our RFS page at <http://www.epa.gov/otaq/renewablefuels/>. Potential registrants can fill the form out on the web site, submit it electronically to EPA and print out a copy which then must be signed by the responsible corporate officer and sent to EPA (directions for sending are on the forms). When EPA receives the signed copy of the registration, EPA will email the registrant with confirmation of registration and an appropriate ID number.*

8.2 If my company and facilities are already registered with EPA under another program, do I have to register for RFS?

A: No, but you are responsible for updating your company or facility information within 30 days of a change. See regulation Section 80.76(e)(1). Registration forms and instructions are linked to our RFS page at <http://www.epa.gov/otaq/renewablefuels/>.

8.3 If my company or facility information changes, how do I correct that in the EPA registration system?

A: You are responsible for notifying EPA of any changes to your information. You may do so by filing the online registration form indicating that you are updating an existing registration, and mailing a printed copy of the form to the EPA.

8.4 How will I know that my registration has been processed by EPA?

A: EPA will provide you with company and facility ID numbers after we have received a mailed copy of your registration form(s). Since you need these numbers prior to engaging in transactions involving RINs, it is advisable to register as early as possible.

8.5 Will third party marketers have different registration forms to complete than producers?

A: No. The registration form for third party marketers is the same form as the producer registration form. However, third party marketers are only required to obtain an EPA company identification number and not a facility identification number.

8.6 Could a marketing company register as a producer with the EPA to represent multiple plants?

A: No. Each renewable fuel producer must register and is responsible for generating RINs (with an exception for some producers/importers that produce or import less than 10,000 gallons of renewable fuel each year).

9. Recordkeeping and Product Transfer Documents (PTDs)

9.1 How is a Product Transfer Document defined? Must it be an invoice, bill of lading (BOL), or can it be either?

- A: *The regulations do not specify the form of a product transfer document (PTD), but do include a list of information that must appear on the PTD. See regulation Section 80.1153(a). In the context of the RFS program, PTDs must identify a transfer of ownership of a volume of renewable fuel. In general this would mean invoices. PTDs would in most cases not include a bill of lading, which is used primarily for a transfer of custody rather than a transfer of ownership.*
- 9.2 As RINs are transferred, do they have to be attached to a PTD (i.e. printed on a BOL), or can they be transferred in an electronic spreadsheet that references a PTD?
- A: *The RIN must appear in its entirety on PTDs identifying a transfer of ownership of a volume of renewable fuel. (In general PTDs would not include BOLs, which are used for transfers of custody rather than transfers of ownership.) However, the PTD transferring the RINs can be a separate and parallel PTD from that used to transfer the renewable fuel to which those RINs are assigned. PTDs can be electronic, including computer spreadsheets. See regulation Section 80.1153(a)(5).*
- 9.3 If I am an oxygenate blender who purchases directly from a renewable fuels producer, RINs are transferred with ownership of the batch. Therefore, I will be in possession of the RINs. How will these RINs be accounted for in my records?
- A: *You must keep a database of all RINs that you take ownership of at any time during a compliance period, and report those RINs to EPA quarterly. See regulation Sections 80.1151(d) and 80.1152(c).*
- 9.4 The regulations at Section 80.1151(b)(5) say that producers must keep “records related to the production or importation of renewable fuel that the renewable fuel producer or importer designates as motor vehicle fuel and the use of the fuel as motor vehicle fuel.” What does this mean?
- A: *This requirement is limited to cases in which a producer or importer wants to separate assigned RINs from a volume of renewable fuel under the provisions at regulation Section 80.1129(b)(4). If the renewable fuel that the producer or importer produces or imports can be used in its neat (unblended) form, it can be designed a motor vehicle fuel without being blended with conventional gasoline or diesel. In order to claim the right to separate the RINs that have been generated and assigned to such fuel, the producer or importer must retain records demonstrating that the renewable fuel has been used as motor vehicle fuel in its neat form.*
- 9.5 Can RIN tracking and transfer be handled completely electronically? If so, can we choose the software and the report format?

A: *You may keep the records in any format you wish. However, you must be able to provide readable copies to EPA representatives upon request and you must retain records and the means to read them for at least five (5) years. You must either be able to convert the records to a readable format or provide them in a usable electronic or paper format as requested by EPA. (For the purpose of reporting, you may use any commercially available format or comma delimited-text. Please refer to Section 10 of this Q&A document – Reporting and the EPA’s Central Data Exchange.) Note that on product transfer documents (PTDs) (which are required when ownership of a renewable fuel is transferred to another party), certain information may be conveyed to some parties through the use of product codes; however, information regarding assigned RINs transferred with the renewable fuel must always be included on the PTDs. See regulation Section 80.1153(a)(5) and (b).*

9.6 If there's a partial gallon on the BOL, how do companies handle rounding when tracking RINs?

A: *The number of assigned gallon-RINs being transferred by parties other than renewable fuel producers or importers need not correspond exactly to the number of gallons being transferred. See regulation Section 80.1128(a)(4). Thus in general the presence of a partial gallon on a PTD will not affect the tracking of RINs. For producers and importers of renewable fuel who are required by regulation Section 80.1128(a)(6) to transfer a specified number of gallon-RINs with each gallon of renewable fuel, partial gallons can be rounded to the nearest whole gallon so long as the number of renewable fuel gallons is consistent with the number of gallon-RINs.*

10. Reporting and the EPA's Central Data Exchange (CDX)

10.1 Is the RIN transaction report tracked daily but reported quarterly?

A: *With regard to reporting to EPA, each RIN transaction (i.e., RIN sale or purchase, retired or expired RIN) must be reported on a separate RIN transaction report. The RIN transaction report for each transaction must be submitted to EPA by the end of the second month after the quarter in which the transaction occurred. See regulation Section 80.1152(c) and (d). The reports for RIN transactions that occurred within a quarter may be submitted all together, individually, or in groups at any time, so long as the transaction reports for all transactions that occurred during the quarter are submitted to EPA by the end of the second month after the quarter in which the transactions occurred. With regard to transfer of RINs between parties, such transfers must be included on some type of*

product transfer documentation as explained in the section of this document dealing with Recordkeeping and Product Transfer Documents (PTDs).

10.2 For parties that take ownership of assigned RINs and then separate them, do they report those RINs with K code of 1 or 2?

A: The regulations state that, in most cases, (1) a party that is an obligated party must separate any RINs that have been assigned to a volume of renewable fuel if they own that volume, (2) any party that owns a volume of renewable fuel must separate any RINs that have been assigned to that volume once the volume is blended with gasoline or diesel to produce a motor vehicle fuel, and (3) the party responsible for separating a RIN from a volume of renewable fuel shall change the K code in the RIN from a value of 1 to a value of 2 prior to transferring the RIN to any other party.

In the case of an obligated party, Company A, that has accepted a volume of renewable fuel with an assigned RIN, Company A must change the K code from 1 to 2. However, in a transaction report filed by Company A concerning receipt of the RIN, the RIN would be reported with a K code of 1 (i.e., as it was received). If the RIN is transferred to another party by Company A during the reporting period, Company A would report the RIN on a transaction report for that transfer with a K code of 2. If the RIN was used for compliance, Company A would report the RIN with a K code of 2 on its annual compliance report.

In the case of a blender, the RIN would be reported with a K code of 1 for the transaction relating to the receipt of the renewable fuel. After the blender blends the renewable fuel into motor vehicle fuel, the RIN would be reported with a K code of 2 for a transaction relating to the transfer of the RIN to another party.

In EPA's reporting instructions, it will be made clear how a party should report the K code for any given report.

10.3 What is the process to retire a RIN? Is this a reporting function that is done with the EPA?

A: RINs are retired for reasons specified in the regulations and must be reported to EPA. A retired RIN may not be used for compliance purposes or traded to another party. A retired RIN is reported to EPA in a RIN transaction report and the total number of RINs retired during a quarter is reported to EPA in the gallon-RIN activity report. A RIN transaction report that reports a retired RIN must describe the reason for retiring the RIN. Potential reasons include reportable spills under regulation Section

80.1132, import volume corrections under regulation Section 80.1166(e)(2), renewable fuel used in boiler or heater under regulation Section 80.1129(e), RINs that are invalid (other than expired RINs) or RINs required to be retired in the context of an enforcement action. For reporting requirements, see regulation Section 80.1152.

10.4 I haven't seen a reference to the EPA CDX system. Is the CDX system already established or can we submit reports in our choice of electronic formats?

A: The Central Data Exchange (CDX) is an established portal through which electronic data are submitted. All registered parties will have to first register with CDX in order to receive a CDX registration number. A link to the CDX web site will be provided from our RFS web site at <http://www.epa.gov/otaq/renewablefuels>. RFS reports can be produced by vendor software or by using spreadsheet templates or other data templates following instructions linked to the RFS web site.

10.5 Do I have to register to use CDX and is this a separate registration process?

A: You will have to register with CDX. (Registering with CDX is not the same as registering under regulation Section 80.1150.) Instructions are available via our RFS web page at <http://www.epa.gov/otaq/renewablefuels/>.

11. Other questions

11.1 What entity retires the RIN if the same RIN is transferred to two or more parties? Does the plant retire the RIN? Does the EPA have to be notified?

A: *Where a RIN is invalid because the same RIN was transferred to two or more parties, all such RINs are deemed invalid unless EPA determines that some portion of them is valid. See regulation Section 80.1131(b)(4). In the absence of such determination by EPA, all parties with such RINs must under regulation Section 80.1131(b)(2), adjust their records, reports and compliance calculations as necessary to reflect the deletion of the invalid RINs. "Deletion" refers to annual compliance reports since an invalid RIN cannot be used to show compliance. In the case of RINs transferred to two or more parties, all such RINs typically should be reported as retired unless EPA determines that some portion of them are valid.*

11.2 Regulation Section 80.1131(b)(4) states that, in the event that the same RIN is transferred to two or more parties, "all such RINs will be deemed to be invalid, unless EPA in its sole discretion determines that some portion of these RINs is valid". What's the process to determine if a portion of RINs are valid?

A: *In many circumstances, EPA will be able to determine whether any of the RINs (or particular gallon-RINs within a batch-RIN) are valid from the information submitted to EPA in the RIN generation and transaction reports. Through these reports, it is possible to track a RIN from the point of generation by the renewable fuel producer or importer through each transaction until the RIN is used for compliance, retired or has expired. If EPA determines that a RIN is invalid, EPA would contact the submitter of the report(s) with the invalid RIN and advise the party how to proceed.*

11.3 If a party buys a batch of ethanol, and through testing determines that the ethanol is synthetic (non-renewable), what happens to the RINs?

A: *If a volume of renewable fuel for which RINs have been generated is found to not be a valid renewable fuel under the RFS program, then the associated RINs are likewise deemed invalid. See regulation Section 80.1131. If a party determines that a batch of fuel that they own does not meet the definition of renewable fuel under the RFS program, the RINs received with such fuel must be deleted from records, reports and compliance demonstrations. See regulation Section 80.1131. In general, RINs received with such fuel must be reported as retired and such invalid RINs must be deleted from any compliance reports. Parties that learn of such a situation should promptly inform EPA. EPA will investigate the source of the fuel and take appropriate action.*

11.4 What metering system does the plant use to measure gallons? Is it a production meter, a load-out meter, etc.?

A: *EPA regulations provide flexibility in terms of the specific mechanisms through which producers and importers measure volumes for purposes of generating RINs. However, the approach should ensure that gallons are neither systematically ignored nor systematically double-counted. Also, approaches that provide consistent volumes for both the RFS program and other contexts such as reporting to the Energy Information Administration are preferred.*

12. **Examples of RIN generation, assignment, and transfer**

All examples use fictional names, company IDs, and facility IDs. Example RIN codes have been separated by hyphens for clarity.

12.1 Examples of renewable fuel producers and importers

Example A-1

September 1: Producer Jones makes 2000 gallons of denatured ethanol from corn in 2007. He stores all 2000 gallons in a tank.

September 2: Producer Jones generates 2000 gallon-RINs to represent the 2000 gallons.

Equivalence value of 1.0 x 2000 gallons = 2000 gallon-RINs

Batch-RIN: 1-2007-1234-12345-00001-10-2-00000001-00002000

September 3: Producer Jones sells 2000 gallons to Marketer Smith.

Producer Jones uses a single PTD to transfer the volume and also transfer assigned 2000 gallon-RINs, summarized in a single batch-RIN.

Example A-2

September 4: Producer Jones makes another 3000 gallons of denatured ethanol from corn in 2007. As the ethanol is being metered into a tank, he generates 3000 gallon-RINs to represent the 3000 gallons.

Equivalence value of 1.0 x 3000 gallons = 3000 gallon-RINs

Batch-RIN: 1-2007-1234-12345-00001-10-2-00002001-00005000

September 5: Producer Jones sells 1000 gallons to Marketer Smith.

Producer Jones uses a PTD to transfer the volume, indicating that 1000 assigned gallon-RINs will be transferred in parallel, and containing a unique reference to another PTD.

Producer Jones sends a spreadsheet as the parallel PTD to Marketer Smith later on the same day, transferring batch-RIN 1-2007-1234-12345-00001-10-2-00002001-00003000

Example A-3

September 6: Producer Jones makes another 1000 gallons of denatured ethanol from corn in 2007. He stores the 1000 gallons in a tank that already contains 2000 gallons.

September 7: Producer Jones sells 3000 gallons to Marketer Smith.

As the ethanol is being metered into a railcar, Producer Jones generates 1000 gallon-RINs under a new batch number to represent 1000 gallons.

Equivalence value of 1.0 x 1000 gallons = 1000 gallon-RINs

Batch-RIN: 1-2007-1234-12345-00002-10-2-00000001-00001000

Producer Jones uses a single PTD to transfer the 3000 gallons and also transfer 3000 assigned gallon-RINs, summarized in two batch-RINs:

1-2007-1234-12345-00001-10-2-00003001-00005000

1-2007-1234-12345-00002-10-2-00000001-00001000

Example B-1

September 1: Producer Davis makes 2000 gallons of biodiesel in 2007.

He stores all 2000 gallons in a tank.

September 2: Producer Davis makes another 5000 gallons of biodiesel.

He adds the 5000 gallons to the tank already holding the 2000 gallons.

September 3: Producer Davis generates 1500 gallon-RINs to represent 1000 gallons.

Equivalence value of 1.5 x 1000 gallons = 1500 gallon-RINs

Batch-RIN: 1-2007-4321-12345-00003-15-2-00000001-00001500

September 4: Producer Davis sells 1000 gallons to Marketer Johnson.

Producer Davis uses a single PTD to transfer the volume and also transfer 1500 assigned gallon-RINs, summarized in a single batch-RIN.

Example B-2

September 5: Producer Davis generates 9000 gallon-RINs under a new batch number to represent 6000 gallons of biodiesel that were produced in 2007.

Equivalence value of 1.5 x 6000 gallons = 9000 gallon-RINs

Batch-RIN: 1-2007-4321-12345-00005-15-2-00000001-00009000

September 6: Producer Davis sells 4000 gallons to Marketer Johnson.

Producer Davis uses a single PTD to transfer the volume and also transfer 6000 assigned gallon-RINs, summarized in a single batch-RIN:

1-2007-4321-12345-00005-15-2-00000001-00006000

September 7: Producer Davis sells 2000 gallons to Marketer Williams.

Producer Davis uses a PTD to transfer the volume, indicating that 3000 assigned gallon-RINs will be transferred in parallel, and containing a unique reference to another PTD.

Producer Davis sends the parallel PTD to Marketer Williams later on the same day, transferring batch-RIN 1-2007-4321-12345-00005-15-2-00006001-00009000

Example C-1

September 1: Producer Brown makes 4000 gallons of denatured ethanol from cellulosic biomass in 2007. As the ethanol is being metered into a tank, he generates 10,000 gallon-RINs in two separate batches to represent the 4000 gallons.

Equivalence value of 2.5×4000 gallons = 10,000 gallon-RINs

First batch-RIN: 1-2007-5678-12345-00001-25-1-00000001-00005000

Second batch-RIN: 1-2007-5678-12345-00002-25-1-00005001-00010000

September 2: Producer Brown sells 1000 gallons to Marketer Miller.

Producer Brown uses a single PTD to transfer the volume to Marketer Miller and also transfer 1000 assigned gallon-RINs, summarized in a single batch-RIN:

1-2007-5678-12345-00002-25-1-00006001-00007000

September 3: Producer Brown sells 1500 unassigned gallon-RINs to Broker Wilson without ethanol. The PTD includes the following two batch-RINs:

2-2007-5678-12345-00001-25-1-00000001-00000700

2-2007-5678-12345-00002-25-1-00007001-00007800

Example C-2

September 4: Producer Brown makes 1000 gallons of denatured ethanol from cellulosic biomass in 2007. He stores 500 gallons in one tank, and 500 gallons in another tank.

September 5: Producer Brown generates 2500 gallon-RINs to represent the 1000 gallons. He adds the gallon-RINs to a pre-existing batch.

Equivalence value of 2.5×1000 gallons = 2500 gallon-RINs

Batch-RIN: 1-2007-5678-12345-00001-25-1-00005001-00007500

Producer Brown sells 2000 gallons to Marketer Miller.

Producer Brown uses a single PTD to transfer the volume to Marketer Miller and also transfer 3000 assigned gallon-RINs, summarized in a single batch-RIN:

1-2007-5678-12345-00001-25-1-00004501-00007500

12.2 Examples of marketers and distributors of renewable fuel

Example D-1

September 10: Marketer Moore takes ownership of 5000 gallons of denatured ethanol with 5000 assigned gallon-RINs in a single batch-RIN:

1-2007-8765-12345-00022-10-2-00004055-00009054

September 15: Marketer Moore sells 3000 gallons of ethanol to Blender Taylor without any assigned RINs. The PTD states, "No RINs transferred."

September 30: Marketer Moore verifies that his end-of-quarter gallon-RINs do not exceed his end-of-quarter gallons adjusted for their Equivalence Value.

$5000 \text{ gallon-RINs} \leq 2000 \text{ gallons} \times \text{Equivalence Value of } 2.5$

$5000 \text{ gallon-RINs} \leq 5000 \text{ gallons (adjusted)}$

Example D-2

October 1: Marketer Moore takes ownership of 2000 gallons of biodiesel with 3000 assigned gallon-RINs in two batch-RINs:

1-2007-9876-12345-00022-15-2-00002001-00003000

1-2007-0987-12345-00022-10-2-00012001-00014000

November 15: Marketer Moore takes ownership of 3000 gallons of denatured ethanol with 7500 assigned gallon-RINs in one batch-RIN:

1-2007-1122-12345-00150-15-2-00001001-00008500

December 15: Marketer Moore sells 1000 gallons of biodiesel to Blender Taylor with 1500 gallon-RINs in two batch-RINs:

1-2007-8765-12345-00022-10-2-00004055-00005054

1-2007-9876-12345-00022-15-2-00002001-00002500

December 31: Marketer Moore verifies that his end-of-quarter gallon-RINs do not exceed his end-of-quarter gallons adjusted for their Equivalence Value.

$14,000 \text{ gallon-RINs} \leq 5000 \text{ gallons} \times \text{Equivalence Value of } 2.5$

$+ 1000 \text{ gallons} \times \text{Equivalence Value of } 1.5$

$14,000 \text{ gallon-RINs} \leq 14,000 \text{ gallons (adjusted)}$

Example E-1

January 10: Marketer Anderson takes ownership of 5000 gallons of denatured ethanol with 5000 assigned gallon-RINs in one batch-RIN:

1-2008-6543-12345-00088-10-2-00556701-00561700

February 20: Marketer Anderson sells 2000 gallons of ethanol to Blender Jackson with 5000 assigned gallon-RINs:

1-2008-6543-12345-00088-10-2-00556701-00561700

March 31: Marketer Anderson verifies that his end-of-quarter gallon-RINs do not exceed his end-of-quarter gallons adjusted for their Equivalence Value.

0 gallon-RINs \leq 3000 gallons x Equivalence Value of 2.5

0 gallon-RINs \leq 7500 gallons (adjusted)