



Compliance Overview

Gasoline Sulfur Rule



I. Introduction

- Goal: Prevent introduction of high sulfur gasoline into motor vehicles
- Compliance-enforcing program components similar to RFG/CG
 - ▶ Refinery-level requirements
 - ▶ Downstream requirements
 - ▶ Credit program restrictions



Introduction (*continued*)

- ▶ Recordkeeping & reporting
- ▶ Presumptive liability scheme
- ▶ EPA audits & inspections
- ▶ Special Geographic Phase-in Area (GPA) requirements



Introduction (*continued*)

- Application of program
 - ▶ To all parties and at all points in the distribution system
 - ▶ Exclusions & exemptions:
 - Gasoline used in aviation, exports, sanctioned racing events, California, & R&D



Introduction (*continued*)

■ Issues Not Covered by Final Rule

- ▶ Gasoline treated as blendstock (GTAB)
- ▶ Transmix

Both issues will be covered in the rulemaking that has proposed to address these issues in the context of the RFG/CG rule. (Proposed Rule for Modifications to Standards and Requirements for Reformulated and Conventional Gasoline; 62 FR 37337 (July 11, 1997)).



II. Refiner & Importer Compliance Requirements

- Every batch testing before gasoline leaves the refinery or import facility
- Testing under an approved in-line blending waiver for sulfur meets this requirement
 - ▶ Exceptions until January 1, 2004:
 - May test composited CG samples
 - Testing may occur after gasoline leaves the refinery



Refiner & Importer Requirements (*continued*)

- For butane blender refiners, test results of supplier may be used if:
 - ▶ Meet 30 ppm sulfur cap on per gallon basis based on supplier test (120 sulfur cap in 2004)
 - ▶ QA program
 - For other blender refiners:
 - ▶ May test blendstock upon receipt and use that test result as batch test
 - ▶ Cannot exceed the applicable refinery level cap
- _____
- _____
- _____



Refiner & Importer Requirements (*continued*)

- Sample retention
 - ▶ 20 samples or 21 days, whichever is greater (no limit)
 - ▶ If composite prior to 2004, retain the composited sample



Refiner & Importer Requirements (*continued*)

- Reporting
- Recordkeeping
 - ▶ PTDs
 - ▶ Compliance calculations
 - ▶ Voluntary or required test records
 - ▶ Credit program information
 - ▶ Importer FRGAS source records
 - ▶ Designation records



Refiner & Importer Requirements (*continued*)

- Recordkeeping time frame: maintain for 5 years from creation, except for credit/allotment transfer records and early credit records
- Attests
 - ▶ Piggybacks CG/RFG attest



III. Downstream Standards & Requirements

- Downstream standards for "non-specialty gasoline" equal refinery level maximum cap standard found in section 80.195 plus ASTM test reproducibility.

Year	Downstream Standard
2004	378 ppm
2005	326 ppm
2006	95 ppm

- ▶ Effective February 1 except at retail
- ▶ Effective March 1 at retail
- ▶ Specialty gas includes S-RGAS and GPA gasoline



Downstream Standards and Requirements for S-RGAS

- Downstream standards for Small Refiner Gasoline are established based on refiner testing of that gasoline
- ▶ Downstream Small Refiner Gasoline standards equal actual sulfur content of the small refiner's batch plus ASTM reproducibility, but not greater than 480 ppm.



Downstream Standards and Requirements for S-RGAS

- Gasoline standards for mixtures which include Small Refiner Gasoline equal the highest downstream standard applicable to any Small Refiner Gasoline in the mixture



Downstream Standards and Requirements for S-RGAS

- To qualify as Small Refiner Gasoline downstream:
 - ▶ PTD identifying the gasoline as Small Refiner Gasoline (codes OK for all parties); and
 - ▶ Test result (of pipelines and terminals) must establish gasoline's sulfur content as greater than the non-S-RGAS cap
 - > 350 in 2004
 - > 300 in 2005
 - > 80 in 2006 & beyond



Downstream Standards and Requirements for S-RGAS

- If GPA is mixed with S-RGAS, same downstream test thresholds, except in 2006:
 - ◆ In GPA mixture, sulfur content must be greater than 300 ppm in 2006



Downstream Standards and Requirements (*continued*)

- Ethanol Blenders--not presently considered refiners
 - ▶ Denatured ethanol prohibition (30 ppm)
 - ▶ We expect suppliers should easily meet 30 ppm limit
 - ▶ Issue of prevalent use of denaturants other than certified gasoline



IV. Special Requirements for Geographic Phase-in Area Gasoline (GPA)

- Gasoline must be produced or imported for use in the GPA area
- Refiner or importer designation
- Segregation from gasoline to be used outside the GPA
- PTDs (codes OK except for transfers to truckers, retailers, WPC's)



Special Requirements for GPA Gasoline

- GPA gasoline cannot be sold for use outside the GPA
- Gasoline subject to standards under sections 80.195, or 80.240 (Small Refiner Gasoline), may be sold inside the GPA



Special Requirements for GPA Gasoline

■ What are the GPA downstream standards?

Year	Standard
2004	378 ppm
2005 - 2006	326 ppm

If gasoline sold in the GPA contains Small Refiner Gasoline, the applicable standard is the greater of the applicable Small Refiner Gasoline downstream standard or the GPA downstream standard.



V. Averaging Banking and Trading

- Requirements regarding transfers of credits & allotments
 - ▶ Transfers between refiners and importers permitted
 - ▶ One extra transfer permitted after initial transfer
 - ▶ Non-refiners, importers cannot take title to credits



Averaging Banking and Trading (*continued*)

- Special recordkeeping requirements for transfers of credits/allotments & for early credits:
 - ▶ Credit/Allotment Transfers:
 - Transferor--5 years from date of transfer
 - Transferee--5 years from date transferred, used or terminated, whichever is later



Averaging Banking and Trading (*continued*)

- ▶ Early credits:
 - If no transfer, 5 years from date of creation, use or termination, whichever is later
 - If transfer, 5 years from date of transfer, use or termination, whichever is later for both parties



VI. Violations & Liability

- Presumptive liability similar to prior fuels programs:
 - ▶ Liability for selling, transferring, etc. nonconforming gasoline at own facility
 - ▶ Also liability for causing downstream violations



Violations and Liability *(continued)*

- Vicarious liability for branded refiners
- Affirmative Defenses for presumptive and vicarious liability
- Violation of prohibited acts and other rule requirements are subject to penalties



VII. EPA Audits and Inspections

- Audit record reviews
 - ▶ Similar to RFG audits, with emphasis on sulfur rule requirements.
 - ▶ Compliance review of:
 - Averaging & caps
 - Special gasoline designations & compliance
 - Credit program



EPA Audits and Inspections *(continued)*

- Downstream inspections
 - ▶ Sampling & testing
 - ▶ PTD and commercial document review