

EPA Proposes 2012 Renewable Fuel Standards and 2013 Biomass-Based Diesel Volume

Introduction

Under the Clean Air Act Section 211(o), as amended by the Energy Independence and Security Act of 2007, the Environmental Protection Agency (EPA) is required to set the annual standards under the Renewable Fuel Standard program (RFS) each November for the following year based on gasoline and diesel projections from the Energy Information Administration (EIA). EPA is also required to set the cellulosic biofuel standard each year based on the volume projected to be available during the following year, using EIA projections and assessments of production capability from industry. This regulatory action proposes these annual standards for cellulosic, biomass-based diesel, advanced biofuel, and total renewable fuels that apply to all gasoline and diesel produced or imported in year 2012.

EPA is also required to determine and promulgate the applicable volume of biomass-based diesel that will be required in 2013 and beyond, as the statute does not specify the applicable volumes for years after 2012. In today's action we are proposing an applicable volume of 1.28 billion gallons for biomass-based diesel (BBD) for 2013. We are proposing this volume for 2013 based on consideration of the factors specified in the statute, including a consideration of biodiesel production, consumption, and infrastructure issues. As required under the statute, we also assessed the likely impact of BBD production and use in a variety of areas, including climate change, energy security, the agricultural sector, air quality, and others.

In today's action we are also proposing a number of changes to the RFS regulations. These proposed changes are intended to:

- Clarify certain provisions because we have learned that there is some confusion among some regulated parties
- Clarify the application of certain provisions to unique circumstances

- Provide greater specificity in the definition of certain terms
- Correct regulatory language that inadvertently misrepresented our intent

Finally, today's rule also proposes to make a minor amendment to the gasoline benzene regulations regarding inclusion of transferred blendstocks in a refinery's early benzene credit generation calculations.

General Background

EPA is required to determine and publish the applicable annual renewable fuel percentage standards for each compliance year by November 30 of the previous year. Determining the applicable standards under RFS requires EPA to conduct an in-depth evaluation of the volume of qualifying cellulosic biofuel that can be made available the following year. If the projected available volume of cellulosic biofuel is less than the required volume specified in the statute, EPA must lower the required volume used to set the annual cellulosic biofuel percentage standard to the projected available volume. EPA must also determine whether the advanced biofuel and/or total renewable fuel volumes should be reduced by the same or a lesser amount. The proposed rule provides EPA's evaluation of the projected production of cellulosic biofuel for 2012, and the proposed percentage standards for compliance year 2012.

Also, for years after 2012, EPA must determine the applicable volume of biomass-based diesel at least 14 months prior to the year in which the volume will be required. Thus, for the 2013 compliance year, we must specify the applicable volume of biomass-based diesel by November 1, 2011.

Proposed Percentage Standards for 2012

To calculate the proposed percentage standard for cellulosic biofuel for 2011, EPA used a volume of 3.55 - 15.7 million ethanol-equivalent gallons. EPA is also proposing that the applicable volumes for biomass-based diesel, advanced biofuel, and total renewable fuel for 2012 will be those specified in the statute. These volumes are shown in Table 1.

| | Actual Volume | Ethanol Equivalent Volume^a |
|----------------------|----------------------|--|
| Cellulosic biofuel | 3.45 - 12.9 mill gal | 3.55 - 15.7 mill gal |
| Biomass-based diesel | 1.0 bill gal | 1.5 bill gal |
| Advanced biofuel | 2.0 bill gal | 2.0 bill gal |
| Renewable fuel | 15.2 bill gal | 15.2 bill gal |

^a Biodiesel and cellulosic diesel have equivalence values of 1.5 and 1.7 ethanol equivalent gallons respectively. As a result, ethanol-equivalent volumes are larger than actual volumes for cellulosic biofuel and biomass-based diesel.

The volumes in Table 1 are the minimum that would need to be consumed in the U.S. Insofar as excess volumes of cellulosic biofuel or biomass-based diesel were to be consumed, they would count towards the advanced biofuel and total renewable fuel volume requirements.

Four separate standards are required under the RFS program, corresponding to the four separate volume requirements shown in Table 2. The percentage standards represent the ratio of renewable fuel volume to non-renewable gasoline and diesel volume. Thus, in 2012 about 9% of all fuel used will be from renewable sources. The proposed standards for 2012 are shown in Table 2.

| | |
|----------------------|-----------------|
| Cellulosic biofuel | 0.002 to 0.010% |
| Biomass-based diesel | 0.91% |
| Advanced biofuel | 1.21% |
| Renewable fuel | 9.21% |

Finally, in today's action we are proposing an applicable volume of 1.28 billion gallons for biomass-based diesel (BBD) for 2013. This is the volume that was projected for 2013 in the RFS final rulemaking.

For More Information

For more information on this proposal, please visit the RFS website at:

<http://www.epa.gov/otaq/fuels/renewablefuels>

To submit a question on the RFS program, and to view Frequently Asked Questions, please visit:

<http://www.epa.gov/otaq/fuels/renewablefuels/compliancehelp/index.htm>