

## Public Release of Draft Quality Assurance Plan Requirements

The Renewable Fuel Standard (RFS) program requires the use of Renewable Identification Numbers (RINs) to demonstrate compliance with the RFS volume obligations. RINs are generated by renewable fuel producers and importers and represent volumes that meet the requirements for renewable fuel under the RFS program. Once RINs have been generated, they can be transferred between parties and used by petroleum refiners and importers ("obligated parties") to show compliance with their volume obligations. However, only RINs that were validly generated by the renewable fuel producer may be transferred or used for compliance purposes. Because of this, in some cases parties in the RFS program spend considerable time and effort in evaluating whether RINs were validly generated. EPA is developing a rulemaking proposal, which is expected to be released by the end of 2012, to provide a more structured way to assure that RINs entering commerce were validly generated. EPA expects that this will promote greater liquidity in the transfer and use of RINs, helping to make the RFS program more efficient and effective.

The proposal the Agency is developing includes a quality assurance program that could be used to verify that RINs have been validly generated. The proposal would provide a recognized means for independent third parties to audit the production of renewable fuel and the generation of RINs. The basis for these audits would be quality assurance plans (QAPs) which would be developed and implemented by independent third parties, based on the requirements specified for a QAP in the regulations.

In response to the interest of regulated parties in being able to verify the validity of RINs at the beginning of 2013, we are providing an early draft of the types of QAP requirements that have been under consideration as we develop the Notice of Proposed Rulemaking (NPRM). By providing this early draft, parties considering participation in the quality assurance program that is under development can begin making some preparations to conduct audits, since they will have an early understanding of the elements that are likely to be proposed for QAPs. Any party that has developed a QAP and would like EPA to evaluate it can submit it to our support box (support@epamts-support.com).

While the QAP requirements in this document represent our current thinking, some elements could change in the NPRM as we continue to gather information and develop other aspects of the proposed program requirements. Once EPA releases the NPRM containing the proposed requirements for QAPs, stakeholders can provide the Agency with comments on all aspects of the proposal, including the specific proposed requirements for QAPs. Any final rule will reflect EPA's consideration of comments received on the proposed rule and/or further consideration by EPA.

It is currently EPA's intention to propose a rule that would include some or all of the QAP elements reflected in this document. However, the text and content of the proposal could change based on further deliberation by EPA. In addition, any final rule will reflect EPA's consideration of comments received on the proposed rule and/or further consideration by EPA. This document does not affect any legal rights or obligations under the RFS program.

## Potential Elements of a Quality Assurance Plan

### (1) Feedstock-related components

#### (i) Components requiring ongoing monitoring

- (A) Feedstocks are renewable biomass as defined in §80.1401
- (B) Feedstocks are being separated according to a separation plan, if applicable under §80.1426(f)(5)(ii)
- (C) Crop and crop residue feedstocks meet land use restrictions, or alternatively the aggregate compliance provisions of §80.1454(g)
- (D) If applicable, verify that feedstocks with additional recordkeeping requirements meet requirements of §80.1454(d)
- (E) Feedstocks are valid for the D code being used, and are consistent with information recorded in EMTS
- (F) Feedstock is not renewable fuel for which RINs were previously generated
- (G) Feedstock is consistent with production process and D code being used as permitted under Table 1 to Section 80.1426 or a petition approved through section 80.1416

#### (ii) Components requiring quarterly monitoring

- (A) Separated food waste or separated yard waste plan is accepted and up to date, if applicable under §80.1426(f)(5)(ii)
- (B) Separated municipal solid waste plan is approved and up to date, if applicable under §80.1426(f)(5)(ii)
- (C) Contracts or agreements for feedstock acquisition are sufficient for facility production
- (D) Feedstock processing and storage equipment are sufficient and match engineering review
- (E) If applicable, accuracy of feedstock energy (FE) calculation factors related to feedstocks, including average moisture content and feedstock energy content

### (2) Production process-related components

#### (i) Components requiring ongoing monitoring

- (A) Production process is consistent with that reported in EMTS
- (B) Production process is consistent with D code being used as permitted under Table 1 to §80.1426 or a petition approved through §80.1416

#### (ii) Components requiring quarterly monitoring

- (A) Mass and energy balances are appropriate for type and size of facility

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- (B) Workforce size is appropriate for type and size of facility, and sufficient workers are on site for facility operations
- (C) If applicable, process-related factors used in feedstock energy (FE) calculation are accurate, in particular the converted fraction (CF)

(3) Renewable fuel-related components

(i) Components requiring ongoing monitoring

- (A) Standardization of volumes pursuant to §80.1426(f)(8) are accurate
- (B) Renewable fuel type matches the D code being used
- (C) RIN generation matches wet gallons produced
- (D) Fuel shipments match production volumes
- (E) If applicable, renewable content R is accurate pursuant to 80.1426(f)(9)
- (F) Equivalence value EV is accurate and appropriate
- (G) Renewable fuel was intended and sold for qualifying uses as transportation fuel, heating oil, or jet fuel

(ii) Components requiring quarterly monitoring

- (A) Certificates of analysis verifying fuel type and quality, as applicable
- (B) Verify existence of quality process controls designed to ensure that fuel continues to meet applicable property and quality specifications
- (C) Volume production is consistent with that reported to EPA and EIA, as well as other federal or state reporting
- (D) Volume production matches storage and distribution capacity
- (E) Volume production capacity matches RFS registration

(4) RIN generation and separation-related components

(i) Components requiring ongoing monitoring

- (A) If applicable, verify that RIN separation is appropriate under §80.1429(b)(4)
- (B) Verify that appropriate RIN generation calculations are being followed under §80.1426(f)(3), (4), or (5) as applicable
- (C) If applicable, verify that RINs were retired for any fuel that the producer produced and exported

(ii) Components requiring quarterly monitoring

- (A) Verify that annual attestation report is accurate and has been submitted to EPA

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