Guidance for RFS2010 Annual Compliance Reporting

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Compliance and Innovative Strategies Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency

Guidance for RFS2010 Annual Compliance Reporting

This guidance document is intended to assist obligated parties and renewable fuel exporters   in complying with their required annual reporting, which is due February 28 of each year.

Any obligated party, as described in §80.1406, that produced or imported gasoline or MVNRLM diesel fuel for use in the contiguous 48 states plus Hawaii (Alaska if they opt-in) during a given compliance period must submit an RFS2 Annual Compliance Report pursuant to §80.1451(a).

Any exporter of renewable fuels, as described in §80.1430, that exported a volume of renewable fuel from the contiguous 48 states plus Hawaii (Alaska if they opt-in) during a given compliance period must submit an RFS2 Annual Compliance Report pursuant to §80.1451(a).

Parties that have more than one business activity that requires a compliance determination, must report the information separately (i.e. imports, exports, and refining obligations must be met separately). Further, refiners are required to indicate the compliance level that they choose to report based on (aggregate or refinery by refinery) in the OTAQReg: Fuels Programs Registration interface on CDX.

In order to assist obligated parties and renewable fuel exporters with their RFS2 annual compliance requirements, new features have been implemented in EMTS. These features will aid users in completing their RFS0301 Annual Compliance Report, which is required pursuant to §80.1451(a).

Regulated parties may use this document to aid in achieving compliance with the RFS2 program regulations. However, this document does not in any way alter the requirements of those regulations. This 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.

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1.0 General Information for Obligated Parties

Obligated parties are required to submit the RFS0301 RFS2 2010 Annual Compliance Report. This report is used to demonstrate compliance with the Renewable Volume Obligations that obligated parties acquired based on their business activities.

The following information is general information for all obligated parties. There is specific information based on the business activities of the obligated party in sections 2 through 4.

1.1 What information do I have to submit for Annual Compliance?

Obligated parties and renewable fuel exporters are required to submit all information listed in §80.1451(a). The majority of the required information will be entered and submitted in the RFS0301 report.

Since RFS1 RINs are not retired through EMTS, parties are required to submit a list of all RFS1 RINs retired for compliance. All RFS1 RINs retired for compliance will be retired via the RFS0201: RFS1 RIN Transaction Report, rather than through the RFS0301. If RFS1 RINs have been retired for compliance during the first quarter (before February 28), a partial RFS0201 report must be filed with <u>only</u> the RFS1 RINs being retired for compliance.

1.2 What RINs can be used to satisfy each Renewable Volume Obligation?

Under RFS2, certain types of RINs can be used to fulfill various obligations. Pursuant to 40 CFR 80.1427(a)(2)-(4), the following types of RINs may be used to satisfy the specific RVOs:

<u>RINs Generated Under RFS2</u>

- RINs with a D code of 3 or 7 are valid for compliance with the cellulosic biofuel RVO.
- RINs with a D code of 4 or 7 are valid for compliance with the biomass-based diesel RVO.
- RINs with a D code of 3, 4, 5, or 7 are valid for compliance with the advanced biofuel RVO.
- RINs with a D code of 3, 4, 5, 6, or 7 are valid for compliance with the renewable fuel RVO.

The RFS2 renewable volume mandates, and therefore the RVOs are "nested," meaning that certain types of RINs can be used to satisfy multiple RVOs, as shown above. For example, a RIN with a D code of 4 may be used to satisfy a biomass-based diesel RVO, an advanced biofuel RVO and renewable fuel RVO. However, a RIN with a D code of 5 or 6 may not be used to meet a biomass-based diesel RVO.

Table 1 – Which D codes can satisfy each Renewable Volume Obligation (RVO) pursuant to 40 CFR 80.1427(a)(2)-(4)?

D Code	Cellulosic Biofuel RVO	Biomass-Based Diesel RVO	Advanced Biofuel RVO	Renewable Fuel RVO
3	X		X	X
4		X	X	X
5			X	X
6				X
7	X*	X*	X	X

Note: X* indicates a RIN with a D code of 7 may not be used to meet both the Cellulosic Biofuel RVO and the Biomass-Based Diesel RVO in the same compliance year pursuant to 40 CFR 80.1427(3)(ii).

An obligated party may use the same RIN to demonstrate compliance with multiple RVOs as long as that RIN is valid for compliance with each of the RVOs to which it is applied. For example, a RIN with a D code of 5 may be used to satisfy the advanced biofuel and renewable fuel RVOs because D5 RINs are eligible to meet both of those RVOs. However, a RIN with a D code of 7 **may not** be used to satisfy both a cellulosic biofuel RVO and a biomass-based diesel RVO in the same year. Additionally, a RIN can only be used in one compliance year (i.e. an obligated party cannot use a D5 RIN to fulfill the advanced biofuel RVO one year and then use the same RIN to fulfill the renewable fuel RVO the next year).

RINs Generated Under RFS1

- A RIN generated pursuant to §80.1126 with a D code of 2 and an RR code of 15, 16, or 17 is deemed equivalent to a RIN with a D code of 4 generated pursuant to §80.1426.
- A RIN generated pursuant to §80.1126 with a D code of 1 is deemed equivalent to a RIN with a D code of 3 generated pursuant to §80.1426.
- All other RINs generated pursuant to §80.1126 are deemed equivalent to RINs with a D code of 6 generated pursuant to §80.1426.

Additionally obligated parties may use reinstated 2009 and 2010 RFS1 RINs towards their RVOs. 2009 and 2010 RFS1 RINs that have been retired under RFS1 for fuel used in a boiler, heater, or for off road transportation fuel may be reinstated pursuant to §80.1429(g). These RINs must have a K code of 2. If a reinstated RIN was retired as an assigned RIN (K code of 1), it should be reinstated as a K code of 1, and immediately separated. No reinstated RIN may be transacted with a K code of 1. Further, parties cannot reinstate RINs that were not reported properly in RFS1.

1.3 What is the last day that I can obtain RINs for compliance?

Both RFS1 and RFS2 RINs may be traded until February 28 following the end of the compliance year. In RFS1, annual compliance reporting was completed via the RFS0300 report and in RFS2 annual compliance reporting will be done via the RFS0301 report. In RFS2, RFS1 RINs and RFS2 RINs (transacted in EMTS) may be used for compliance purposes. For 2010 and 2011 compliance, RFS1 RINs may be eligible to be used for compliance purposes (based on the RIN year).

Notes:
1. In order to retire RFS2 RINs for compliance by the deadline, all transactions must be completed and processed in EMTS. Therefore, all RIN retirements should be done well before February 28. If EMTS is unable to process the transactions by February 28, then those RINs will be unavailable for retirement for compliance that year.

2. RIN retirements may take longer to process when multiple RIN batches are involved. Therefore, EPA suggests that parties who intend to retire a large quantity of RINs for compliance use an XML file for large retirements. XML files should be submitted at least one week prior to the compliance deadline (e.g. February 21). Obligated parties using the web user interface should retires no more than one million RINs at a time to avoid system delays.

1.4 EMTS Features

Compliance Data User Interface in EMTS

The Compliance Data user interface in EMTS is a listing of all retired RINs, broken out by
- RIN Type (D code)
- RIN Year
- Compliance Level (AGREF, AGIMP, EXPRT, or refinery-by-refinery)
- RIN Quantity

Obligated parties should use this page to accurately reflect the correct RIN quantities that have been retired for compliance on the Annual Compliance Report.

This interface can be found under the Reports Tab on the horizontal toolbar in EMTS.

2.0 Obligated Parties: Gasoline or Diesel Refiners

Refiners of gasoline or diesel may comply in the aggregate or on a refinery-by-refinery basis. IRefiners must update their registrationvia the OTAQReg: Fuels Programs Registration application to indicate how they plan to comply prior to retiring RFS2 RINs in EMTS for compliance.

2.1 Refiners: Selecting Compliance Level in CDX

Pursuant to 80.1406(c)(1), an obligated party may comply with its annual compliance requirements for all of its refineries in the aggregate, or for each refinery individually. However, if the obligated party carries a deficit from one year to the next, then the party must maintain the same approach to aggregation in the next calendar year.

In order to select the compliance level, a CDX user will login to CDX and:

1. Select the **OTAQReg: Fuels Programs Registration** link.

2. On the OTAQ Registration Program Home page, under the **Company Information** header, the user will select the **Edit – [Company Name]** link.

3. On the Edit Company Information page, under the **Company** Details tab, the user will scroll down to the bottom of the page and select the compliance level.

4. Once the compliance level has been selected, if no other updates need to be made in the registration, click **Review and Submit.**
5. Review the information. The user will be unable to edit any information on this page. If the information looks correct, click **Next.**
6. The user must print out the PDF forms that are generated on the **Company Information Change** page. Once the forms are printed, click **Submit.**

    Note: The PDF registration must be printed and signed by the responsible corporate officer (RCO) that EPA currently has on file for the company. These forms must be sent to:

US Mail:
U.S. Environmental Protection Agency
Fuels Programs Registration (6406J)
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Commercial Delivery:
U.S. Environmental Protection Agency
Fuels Programs Registration
Room 647C, 202-343-9038
1310 L Street, NW
Washington, DC 20005

7. On the final page, make sure to click the **Continue** button to transmit the electronic data to EPA.

2.2 Refiners: RFS0301 Guidance (also available in the RFS0301 report instructions)

In [Field No. 8] of the RFS0301 report, the refiner must enter either AGREF (aggregate) or the 5 digit facility ID (refinery-by-refinery). Regardless, the refiner will have at least four rows, one for each RVO (renewable fuel, advanced biofuel, biomass-based diesel and cellulosic biofuel.)

Note: If complying refinery-by-refinery, the obligated party should have one row for each RVO at each refinery (e.g. 2 refineries will have 8 rows, 3 refineries will have 12 rows, etc.).

Fields that must contain "NA" in the RFS0301: RFS2 2010 Annual Compliance Report
- For a row with field 9 as **CB**, "NA" must be entered in field 14,15,16,17,18,19,20,21,25,26,27
- For a row with field 9 as **BD**, "NA" must be entered in field 14,20,21,22,23,24,26,27,29,30,31
- For a row with field 9 as **AB**, "NA" must be entered in field 14,15,16,20,21,27,29,30,31
- For a row with field 9 as **RF**, "NA" must be entered in field 15,16,29,30,31

Prior-year RIN limits
- For a row with field 9 as **CB**, the amount of prior year RINs that may be used for compliance must satisfy the following formula:
  $$[No. 22] \leq 0.20 \times [No. 13]$$
- For a row with field 9 as **BD**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times ([No. 13] - [No.15] - [No. 16])$$
  $$[No. 17] + [No. 18] \leq 0.20 \times ([No. 13] - [No.15] - [No. 16])$$
- For a row with field 9 as **AB**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times [No. 13]$$
  $$[No. 17] + [No. 18] + [No. 22] \leq 0.20 \times [No. 13]$$
- For a row with field 9 as **RF**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times ([No. 13] + [No. 14])$$

$$[No. 17] + [No. 18] + [No. 20] + [No. 22] \leq 0.20 \times ([No. 13] + [No. 14])$$

Note: In 2010 only, field No. 14 only applies to the Renewable Fuel RVO. In 2011 and later, field No. 14 will apply to all RVOs.

- <u>Deficit Carryover limits</u>Per §80.1427(b)(1)(iii), an obligated party may not carry more than 57% of their biomass-based diesel RVO from 2010 to 2011. Therefore, for a row with field 9 as BD, the following formula must be satisfied:
$$[No. 32] \leq 0.57 \times [No.13]$$

    Note: This limit does not apply to renewable fuel exporters

2.3 Refiners: Deficit Carryovers

An obligated party who failes to meet its oblifation in a given year may carryover a deficit into the following year pursuant to 40 CFR 80.1427(b) given that they meet the following requirements:
- A deficit has not been carried over from the previous year for that specific RVO;
- The party meets all RVOs of the deficit category in the following year; and
- For biomass-based diesel RVO in 2011, the deficit from 2010 is no larger than 57% of the party's 2010 biomass-based diesel RVO.

A deficit is calculated according to the following formula:

$$D_i = RVO_i - [(\Sigma RINNUM)_i + (\Sigma RINNUM)i\text{-}1]$$

Where:

D_i= The deficit, in gallons, generated in calendar year i that must be carried over to year i+1 if allowed pursuant to paragraph (b)(1) of this section.

RVO_i= The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i, in gallons.

$(\Sigma RINNUM)_i$= Sum of all acquired gallon-RINs that were generated in year i and are being applied towards the RVO_i, in gallons.

$(\Sigma RINNUM)i\text{-}1$= Sum of all acquired gallon-RINs that were generated in year i-1 and are being applied towards the RVO_i, in gallons.

3.0 Obligated Parties: Gasoline or Diesel Importers

Importers of gasoline or diesel must comply in aggregate.

In [Field No. 8] of the RFS0301 report, the importer must enter AGIMP and will have four rows, one for each RVO.

3.1 Importers: RFS0301 Guidance (also available in the RFS0301 report instructions)

Fields that must contain "NA" in the RFS0301: RFS2 2010 Annual Compliance Report
- For a row with field 9 as **CB**, "NA" must be entered in field 14,15,16,17,18,19,20,21,25,26,27
- For a row with field 9 as **BD**, "NA" must be entered in field 14,20,21,22,23,24,26,27,29,30,31
- For a row with field 9 as **AB**, "NA" must be entered in field 14,15,16,20,21,27,29,30,31
- For a row with field 9 as **RF**, "NA" must be entered in field 15,16,29,30,31

Prior-year RIN limits
- For a row with field 9 as **CB**, the amount of prior year RINs that may be used for compliance must satisfy the following formula:
  $$[No. 22] \leq 0.20 \times [No. 13]$$
- For a row with field 9 as **BD**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times ([No. 13] - [No.15] - [No. 16])$$
  $$[No. 17] + [No. 18] \leq 0.20 \times ([No. 13] - [No.15] - [No. 16])$$
- For a row with field 9 as **AB**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times [No. 13]$$
  $$[No. 17] + [No. 18] + [No. 22] \leq 0.20 \times [No. 13]$$
- For a row with field 9 as **RF**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times ([No. 13] + [No. 14])$$
  $$[No. 17] + [No. 18] + [No. 20] + [No. 22] \leq 0.20 \times ([No. 13] + [No. 14])$$

  Note: In 2010 only, field No. 14 only applies to the Renewable Fuel RVO. In 2011 and later, field No. 14 will apply to all RVOs.

Deficit Carryover limits
- Per §80.1427(b)(1)(iii), an obligated party may not carry more than 57% of their biomass-based diesel RVO from 2010 to 2011. Therefore, for a row with field 9 as BD, the following formula must be satisfied:

[No. 32] ≤ 0.57 x [No.13]

Note: This limit does not apply to renewable fuel exporters

3.2 Importers: Deficit Carryovers

An obligated party who failes to meet its oblifation in a given year may carryover a deficit into the following year pursuant to 40 CFR 80.1427(b) given that they meet the following requirements:
- A deficit has not been carried over from the previous year for that specific RVO;
- The party meets all RVOs of the deficit category in the following year; and
- For biomass-based diesel RVO in 2011, the deficit from 2010 is no larger than 57% of the party's 2010 biomass-based diesel RVO.

A deficit is calculated according to the following formula:

$$D_i = RVO_i - [(\Sigma RINNUM)_i + (\Sigma RINNUM)i\text{-}1]$$

Where:

D_i= The deficit, in gallons, generated in calendar year i that must be carried over to year i+1 if allowed pursuant to paragraph (b)(1) of this section.

RVO_i= The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i, in gallons.

$(\Sigma RINNUM)_i$= Sum of all acquired gallon-RINs that were generated in year i and are being applied towards the RVO_i, in gallons.

$(\Sigma RINNUM)i\text{-}1$= Sum of all acquired gallon-RINs that were generated in year i-1 and are being applied towards the RVO_i, in gallons.

4.0 Renewable Fuel Exporters

Renewable fuel exporters must comply in aggregate.

In [Field No. 8] of the RFS0301 report, the exporter must enter EXPRT and will have between one and four rows based on the export activity.

Note: Renewable fuel exporters that have an RVO other than renewable fuel incur nested obligations (e.g. for an export of biodiesel, an exporter will have a Biomass-Based Diesel RVO, an Advanced Biofuel RVO, and a Renewable Fuel RVO). Table 2 describes which volumes of renewable fuel need to be included when an exporter calculates their RVO(s), pursuant to §80.1407.

Table 2 – This table describes which volumes of a renewable fuel export incur specific Renewable Volume Obligations (RVO) pursuant to §80.1430.

Renewable Fuel Export	Cellulosic Biofuel RVO	Biomass-Based Diesel RVO	Advanced Biofuel RVO	Renewable Fuel RVO
Biodiesel	No	Yes	Yes	Yes
Non-Ester Renewable Diesel	No	Yes	Yes	Yes
Cellulosic Biofuel	Yes	No	Yes	Yes
Cellulosic Diesel	Either Cellulosic Biofuel or Biomass-Based Diesel (only 1)		Yes	Yes
Advanced Biofuel	No	No	Yes	Yes
Renewable Fuel	No	No	No	Yes

4.1 Exporters: RFS0301 Guidance (also available in the RFS0301 report instructions)

Fields that must contain "NA" in the RFS0301: RFS2 2010 Annual Compliance Report
- For a row with field 9 as **CB**, "NA" must be entered in field 14,15,16,17,18,19,20,21,25,26,27
- For a row with field 9 as **BD**, "NA" must be entered in field 14,20,21,22,23,24,26,27,29,30,31
- For a row with field 9 as **AB**, "NA" must be entered in field 14,15,16,20,21,27,29,30,31
- For a row with field 9 as **RF**, "NA" must be entered in field 15,16,29,30,31

Prior-year RIN limits
- For a row with field 9 as **CB**, the amount of prior year RINs that may be used for compliance must satisfy the following formula:
  $$[No. 22] \leq 0.20 \times [No. 13]$$
- For a row with field 9 as **BD**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:
  $$[No. 17] \leq 0.087 \times ([No. 13] - [No.15] - [No. 16])$$

[No. 17] + [No. 18] ≤ 0.20 x ([No. 13] - [No.15] - [No. 16])
- For a row with field 9 as **AB**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:

  [No. 17] ≤ 0.087 x [No. 13]

  [No. 17] + [No. 18] + [No. 22] ≤ 0.20 x [No. 13]
- For a row with field 9 as **RF**, the amount of prior year RINs that may be used for compliance must satisfy the following formulas:

  [No. 17] ≤ 0.087 x ([No. 13] + [No. 14])

  [No. 17] + [No. 18] + [No. 20] + [No. 22] ≤ 0.20 x ([No. 13] + [No. 14])

  Note: In 2010 only, field No. 14 only applies to the Renewable Fuel RVO. In 2011 and later, field No. 14 will apply to all RVOs.

4.2 Exporters: Deficit Carryovers

An obligated party who failes to meet its oblifation in a given year may carryover a deficit into the following year pursuant to 40 CFR 80.1427(b) given that they meet the following requirements:
- A deficit has not been carried over from the previous year for that specific RVO;
- The party meets all RVOs of the deficit category in the following year; and
- For biomass-based diesel RVO in 2011, the deficit from 2010 is no larger than 57% of the party's 2010 biomass-based diesel RVO.

A deficit is calculated according to the following formula:

$$D_i = RVO_i - [(\Sigma RINNUM)_i + (\Sigma RINNUM)_{i-1}]$$

Where:

D_i = The deficit, in gallons, generated in calendar year i that must be carried over to year i+1 if allowed pursuant to paragraph (b)(1) of this section.

RVO_i = The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i, in gallons.

$(\Sigma RINNUM)_i$ = Sum of all acquired gallon-RINs that were generated in year i and are being applied towards the RVO_i, in gallons.

$(\Sigma RINNUM)_{i-1}$ = Sum of all acquired gallon-RINs that were generated in year i-1 and are being applied towards the RVO_i, in gallons.