

## ATTEST ENGAGEMENTS

**§ 80.415 What are the attest engagement requirements for gasoline sulfur compliance applicable to refiners and importers?**

In addition to the requirements for attest engagements that apply to refiners and importers under §§ 80.125 through 80.130, and § 80.410, the attest engagements for importers and refiners must include the following procedures and requirements each year.

(a) *Baseline.* (1) Obtain the EPA sulfur baseline approval letter for the refinery to determine the refinery's applicable sulfur baseline and baseline volume under §§ 80.250 or 80.295.

(2) If the year being reviewed is 2004 through 2006 (2007 for refineries with small refiner status) and the refinery or importer produced or imported any GPA gasoline under § 80.216 or the refiner has approved status for a small refinery:

(i) Obtain the refinery's annual sulfur reports for 2000 through 2003; and

(ii) Determine whether the annual average sulfur level for any year credits were generated for 2000 through 2003 was less than the baseline level under paragraph (a)(1) of this section.

(iii) If the annual average sulfur level for any year in which credits were generated for 2000 through 2003 was less than the baseline level under paragraph (a)(1) of this section, for small refiners report as a finding the lowest annual sulfur level as the new baseline value for purposes of establishing the small refiner standards under § 80.240, and for GPA gasoline report as a finding the lowest annual sulfur level as the new sulfur level for purposes of credit generation under § 80.310, if lower than 150.00 ppm.

(iv) If the refinery being reviewed is a small refinery and the annual volume under paragraph (b)(2) of this section is greater than the baseline volume, calculate the applicable standard in accordance with § 80.240(c).

(3) Obtain a written representation from the company representative stating the sulfur value that the company used as its baseline and agree that number to paragraphs (a)(1) and (a)(2) of this section and to the reports to EPA.

(b) *EPA reports.* (1) Obtain and read a copy of the refinery's or importer's annual sulfur reports filed with EPA for the year.

(2) Agree the yearly volume of gasoline reported to EPA in the sulfur reports with the inventory reconciliation analysis under § 80.128.

(3) For the years 2004 through 2006, calculate the annual volume and average sulfur level for gasoline classified as GPA gasoline under §§ 80.216 and 80.219, and calculate the annual volume and average sulfur level for gasoline not classified as GPA gasoline, and agree these values with the values reported to EPA.

(4) Except as provided in paragraph (b)(3) of this section, calculate the annual average sulfur level for all gasoline and agree that value with the value reported to EPA.

(5) Obtain and read a copy of the refinery's or importer's sulfur credit report.

(6) Agree the information in the refinery's or importer's batch reports filed with EPA under §§ 80.75 and 80.105, and any laboratory test results, with the information contained in the annual sulfur report required under § 80.370.

(c) *Credit generation before 2004.* In the case of a refinery that only generates credits during 2000 through 2003:

(1) Obtain a written representation from the company representative stating the refinery produces gasoline from crude oil.

(2) Compute and report as a finding the sulfur baseline from paragraph (a) of this section multiplied by 0.9.

(3) Obtain the annual average sulfur level from paragraph (b)(4) of this section.

(4) If the sulfur value under paragraph (c)(3) of this section is less than the sulfur value under paragraph (c)(2) of this section, compute and report as a finding the difference between the annual average sulfur level and the refinery's sulfur baseline from paragraph (a) of this section.

(5) Compute and report as a finding the total number of sulfur credits generated by multiplying the value in paragraph (c)(4) of this section by the volume of gasoline in paragraph (b)(2)

of this section, and agree this value with the value reported to EPA.

(d) *Credit generation in 2004 and thereafter.* The following procedures shall be completed for a refinery or importer that generates credits in 2004 and thereafter:

(1) Obtain the annual average sulfur level for gasoline not classified as GPA from paragraph (b)(3) of this section.

(2) If the sulfur value under paragraph (d)(1) of this section is less than 30 ppm, compute and report as a finding the difference between the sulfur level under paragraph (d)(1) of this section and 30 ppm.

(3) Compute and report as a finding the total number of sulfur credits generated by multiplying the value calculated in paragraph (d)(2) of this section by the volume of gasoline not classified as GPA in paragraph (b)(3) of this section, and agree this number with the number reported to EPA.

(4) Obtain the annual average sulfur level for gasoline classified as GPA from paragraph (b)(3) of this section.

(5) If the sulfur value under paragraph (d)(4) of this section is less than the applicable level under § 80.310, compute and report as a finding the difference between the sulfur level under paragraph (d)(4) of this section and the appropriate level in § 80.310 .

(6) Compute and report as a finding the total number of sulfur credits generated by multiplying the value calculated in paragraph (d)(5) of this section by the volume of gasoline classified as GPA in paragraph (b)(3) of this section, and agree this number with the number reported to EPA.

(7) If the refiner has an approved status as a small refinery, obtain the annual average sulfur level for gasoline from paragraph (b)(4) of this section.

(8) If the sulfur value under paragraph (d)(7) of this section is less than the applicable standard under § 80.240, compute and report as a finding the difference between the sulfur level under paragraph (d)(7) of this section and the appropriate standard under § 80.240.

(9) Compute and report as a finding the total number of sulfur credits generated by multiplying the value calculated in paragraph (d)(8) of this section by the volume of gasoline in para-

graph (b)(4) of this section, and agree this number with the number reported to EPA.

(e) *Credit purchases and sales.* The following attest procedures shall be completed for a refinery or importer that is a transferor or transferee of credits during an averaging period:

(1) Obtain contracts or other documents for all credits transferred to another refinery or importer during the year being reviewed; compute and report as a finding the number and year of creation of credits represented in these documents as being transferred away; and agree with the report to EPA.

(2) Obtain contracts or other documents for all credits received during the year being reviewed; compute and report as a finding the number and year of creation of credits represented in these documents as being received; and agree with the report to EPA.

(f) *Credits required for non-GPA gasoline.* The following attest procedures shall be completed for refineries and importers in 2005 and thereafter (2004 and thereafter for refineries having standards under § 80.240):

(1) Obtain the annual average sulfur level for gasoline not classified as GPA from paragraph (b)(3) of this section.

(2) If the value in paragraph (f)(1) of this section is greater than 30 ppm (or greater than the small refinery standard), compute and report as a finding the difference between 30 ppm (or the standard under § 80.240) and the value in paragraph (f)(1) of this section.

(3) Compute and report as a finding the total sulfur credits required by multiplying the value in paragraph (f)(2) of this section times the volume of gasoline not classified as GPA in paragraph (b)(3) of this section, and agree with the report to EPA.

(4) Obtain the refiner's or importer's representation as to the portion of the deficit under paragraph (f)(3) of this section that was resolved with credits, the portion that was resolved with allotments in 2005 only or that was carried forward as a deficit under § 80.205, and agree with the report to EPA (refineries subject to standards under § 80.240 cannot carry deficits forward).

(g) *Credits required for GPA gasoline.* The following attest procedures shall

be completed in 2004 through 2006 for a refinery or importer that produces gasoline subject to the geographic phase-in area standards under § 80.216:

(1) Obtain the annual average sulfur level for the refinery's or importer's GPA gasoline from paragraph (b)(3) of this section.

(2) If the value in paragraph (g)(1) of this section is greater than the refinery's or importer's baseline plus 30 ppm under § 80.216, as determined in paragraph (a) of this section or 150 ppm, whichever is less, compute and report as a finding the difference between the annual average sulfur level and the baseline level plus 30 ppm, or 150 ppm, whichever is less.

(3) Compute and report as a finding the total sulfur credits and/or allotments required by multiplying the value in paragraph (g)(2) of this section times the volume of GPA gasoline from paragraph (b)(3) of this section.

(4) Obtain the refiner's or importer's representation as to the portion of the deficit under paragraph (g)(3) of this section that was resolved with credits, or the portion that was resolved with allotments in 2004 or 2005 only (compliance deficits for GPA gasoline cannot be carried forward).

(h) *Credit expiration.* The following attest procedures shall be completed for a refinery or importer that possesses credits during an averaging period:

(1) Obtain a list of all credits in the refiner's or importer's possession at any time during the year being reviewed, identified by the year of creation of the credits.

(2) If the year being reviewed is 2006 and thereafter, except in the case of gasoline produced for use in the GPA and gasoline produced by small refiners, determine whether any credits identified in paragraph (h)(1) of this section or Type A sulfur allotments created under paragraph (i) of this section and converted to credits were created before 2004, and if so, report as a finding this number of expired credits.

(3) If the year being reviewed is 2008 and thereafter, determine whether any credits identified in paragraph (h)(1) of this section or Type B sulfur allotments created under paragraph (i) of this section and converted to credits were created more than 5 years before

the year being reviewed, and if so, report as a finding this number of expired credits (for example, unused credits created during the 2004 averaging period expire at the end of the 2009 averaging period).

(i) *Optional credit and allotment generation in 2003.* The following requirements apply to any refinery that generates credits and allotments in 2003 under § 80.275(a):

(1) Obtain a written representation from the company representative stating the refinery produces gasoline from crude oil.

(2) Obtain the refinery baseline value from paragraph (b)(1) of this section, the annual volume from paragraph (b)(2) of this section and the annual average sulfur level from paragraph (b)(4) of this section.

(3) Based on the annual sulfur level and refinery baseline, determine which equation under § 80.275(a)(2) applies.

(4) Using the applicable equations under § 80.275(a)(2), recalculate the sulfur allotments, by type, and credits and report as a finding.

(j) *Credit reconciliation.* The following attest procedures shall be completed each year credits were in the refiner's or importer's possession at any time during the year:

(1) Obtain the credits remaining or the credit deficit from the previous year from the refiner's or importer's report to EPA for the previous year.

(2) Compute and report as a finding the net credits remaining at the conclusion of the year being reviewed by totaling:

(i) Credits remaining from the previous year; plus

(ii) Credits generated under paragraphs (c), (d) and (i) of this section; plus

(iii) Allotments generated under paragraph (i) of this section which are converted to credits; plus

(iv) Credits purchased under paragraph (e) of this section; minus

(v) Credits sold under paragraph (e) of this section; minus

(vi) Credits used under paragraphs (f) and (g) of this section; minus

(vii) Credits expiring under paragraph (h) of this section; minus

(viii) Credit deficit from the previous year.

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(3) Agree the credits remaining or the credit deficit at the conclusion of the year being reviewed with the report to EPA.

(4) If the refinery or importer had a credit deficit for both the previous year and the year being reviewed, report this fact as a finding.

(k) *Sulfur allotments in 2004 and 2005.* The following requirements apply to any refinery or importer that is subject to corporate pool average standards under § 80.195:

(1) *Corporate pool average.* (i) Obtain the annual average sulfur level for the refiner or importer from the sulfur report filed with EPA for all gasoline subject to corporate pool standards (all gasoline produced and imported, except that if 50% or greater of the gasoline volume was GPA gasoline the refiner or importer is not subject to the corporate pool average).

(ii) Compute and report as a finding the company's gasoline volume subject to corporate pool standards and average sulfur level for gasoline subject to corporate pool standards, and agree with the values reported to EPA.

(2) *Allotment generation.* (i) For 2004, if the corporate pool average is less than 120 ppm, compute and report as a finding the number and type of sulfur allotments generated in accordance with the applicable provisions under § 80.275(b).

(ii) For 2005, if the corporate pool average is less than 90 ppm, compute and report as a finding the number and type of sulfur allotments generated in accordance with the applicable provisions under § 80.275(b).

(iii) If the refiner or importer produced and imported 50% or more of its gasoline for GPA use in 2004 or 2005, no allotments can be generated in that year.

(3) *Allotment purchases and sales.* (i) Obtain contracts or other documents for all allotments transferred to another company during the year being reviewed; compute and report as a finding the number of allotments represented in these documents as being transferred away; and agree with the report to EPA.

(ii) Obtain contracts or other documents for all allotments received during the year being reviewed; compute

and report as a finding the number of allotments represented in these documents as being received; and agree with the report to EPA.

(4) *Allotments required.* (i) For 2004, if the corporate pool average is greater than 120 ppm, compute and report as a finding the number of allotments required by multiplying the amount the corporate pool average is above 120 ppm times the corporate pool volume, and agree with the report to EPA.

(ii) For 2005, if the corporate pool average is greater than 90 ppm, compute and report as a finding the number of allotments required by multiplying the amount the corporate pool average is above 90 ppm times the corporate pool volume, and agree with the report to EPA.

(iii) Obtain the number of allotments used to meet standards for GPA gasoline determined in paragraph (g) of this section.

(5) *Allotment reconciliation.* (i) Compute and report as a finding the net allotments remaining at the conclusion of the year being reviewed by totaling allotments:

(A) Generated under paragraphs (i)(4) and (k)(2) of this section; plus

(B) Purchased under paragraph (k)(3) of this section; minus

(C) Sold under paragraph (k)(3) of this section; minus

(D) Used under paragraph (k)(4) of this section for demonstrating compliance with the corporate pool average.

(ii) Report as a finding any allotments generated in 2003 or 2004 that are used to meet the corporate pool standards in 2005 that were not reduced to 50% of their original value.

(iii) If the company's net allotments remaining are less than zero, report this fact as a finding.

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**Subpart I—Motor Vehicle Diesel Fuel**

SOURCE: 66 FR 5136, Jan. 18, 2001, unless otherwise noted.