

Environmental Protection Agency

§ 80.1128

this section, each party that is obligated to meet the Renewable Volume Obligation under § 80.1107, or each party that is an exporter of renewable fuels that is obligated to meet a Renewable Volume Obligation under § 80.1130, must demonstrate pursuant to § 80.1152(a)(1) that it has taken ownership of sufficient RINs to satisfy the following equation:

$$(\Sigma\text{RINNUM})_i + (\Sigma\text{RINNUM})_{i-1} = \text{RVO}_i$$

Where:

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

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

RVO_i = The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i , in gallons, pursuant to § 80.1107 or § 80.1130.

(2) For compliance for calendar years 2008 and later, the value of $(\Sigma\text{RINNUM})_{i-1}$ may not exceed a value determined by the following inequality:

$$(\Sigma\text{RINNUM})_{i-1} \leq 0.20 \times \text{RVO}_i$$

(3) RINs may only be used to demonstrate compliance with the RVO for the calendar year in which they were generated or the following calendar year. RINs used to demonstrate compliance in one year cannot be used to demonstrate compliance in any other year.

(4) A party may only use a RIN for purposes of meeting the requirements of paragraphs (a)(1) and (a)(2) of this section if that RIN is an unassigned RIN with a K code of 2 obtained in accordance with §§ 80.1126(e)(4), 80.1128, and 80.1129.

(5) The number of gallon-RINs associated with a given batch-RIN that can be used for compliance with the RVO shall be calculated from the following formula:

$$\text{RINNUM} = \text{EEEEEEEEE} - \text{SSSSSSSS} + 1$$

Where:

RINNUM = Number of gallon-RINs associated with a batch-RIN, where each gallon-RIN represents one gallon of renewable fuel for compliance purposes.

EEEEEEEEE = Batch-RIN component identifying the last gallon-RIN associated with the batch-RIN.

SSSSSSSS = Batch-RIN component identifying the first gallon-RIN associated with the batch-RIN.

(b) *Deficit carryovers.* (1) An obligated party or an exporter of renewable fuel that fails to meet the requirements of paragraphs (a)(1) or (a)(2) of this section for calendar year i is permitted to carry a deficit into year $i+1$ under the following conditions:

(i) The party did not carry a deficit into calendar year i from calendar year $i-1$.

(ii) The party subsequently meets the requirements of paragraph (a)(1) of this section for calendar year $i+1$ and carries no deficit into year $i+2$.

(2) A deficit is calculated according to the following formula:

$$D_i = \frac{\text{RVO}_{i-1} - (\Sigma\text{RINNUM})_{i+1}}{(\Sigma\text{RINNUM})_{i-1}}$$

Where:

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

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

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

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

[72 FR 23995, May 1, 2007]

EFFECTIVE DATE NOTE: At 72 FR 23995, May 1, 2007, § 80.1127 was added, effective Sept. 1, 2007.

§ 80.1128 General requirements for RIN distribution.

(a) *RINs assigned to volumes of renewable fuel.* (1) *Assigned RIN*, for the purposes of this subpart, means a RIN assigned to a volume of renewable fuel pursuant to § 80.1126(e) with a K code of 1.

(2) Except as provided in § 80.1126(e)(4) and § 80.1129, no party can separate a RIN that has been assigned to a batch pursuant to § 80.1126(e).

(3) An assigned RIN cannot be transferred to another party without simultaneously transferring a volume of renewable fuel to that same party.

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(4) No more than 2.5 assigned gallon-RINs with a K code of 1 can be transferred to another party with every gallon of renewable fuel transferred to that same party.

(5) (i) On each of the dates listed in paragraph (a)(5)(v) of this section in any calendar year, the following equation must be satisfied for assigned RINs and volumes of renewable fuel owned by a party:

$$\sum(\text{RIN})_D \leq \sum(\text{V}_{si} \times \text{EV}_i)_D$$

Where:

D = Applicable date.

$\sum(\text{RIN})_D$ = Sum of all assigned gallon-RINs with a K code of 1 that are owned on date D.

$(\text{V}_{si})_D$ = Volume i of renewable fuel owned on date D, standardized to 60 °F, in gallons.

EV_i = Equivalence value representing volume i.

$\sum(\text{V}_{si} \times \text{EV}_i)_D$ = Sum of all volumes of renewable fuel owned on date D, multiplied by their respective equivalence values.

(ii) The equivalence value EV_i for use in the equation in paragraph (a)(5)(i) of this section for any volume of ethanol shall be 2.5.

(iii) If the equivalence value for a volume of renewable fuel i can be determined pursuant to § 80.1115 based on its composition, then the appropriate equivalence value shall be used for EV_i .

(iv) If the equivalence value for a volume of renewable fuel cannot be determined based on its composition, the value of EV_i shall be 1.0.

(v) The applicable dates are March 31, June 30, September 30, and December 31. For 2007 only, the applicable dates are September 30, and December 31.

(6) *Producers and importers of renewable fuel.* (i) Except as provided in paragraph (a)(6)(ii) of this section, a producer or importer of renewable fuel must transfer ownership of a number of gallon-RINs with a K code of 1 whenever it transfers ownership of a volume of renewable fuel such that the ratio of gallon-RINs to gallons is equal to the equivalence value for the renewable fuel.

$$\sum(\text{RIN}) / \text{V}_s = \text{EV}$$

Where:

$\sum(\text{RIN})$ = Sum of all gallon-RINs with a K code of 1 which are transferred along with volume V_s .

V_s = A volume of renewable fuel transferred, standardized to 60 °F, in gallons.

EV = Equivalence value assigned to the renewable fuel being transferred.

(ii) A producer or importer of renewable fuel can transfer ownership of a volume of renewable fuel without simultaneously transferring ownership of gallon-RINs having a K code of 1 if it can demonstrate one of the following:

(A) It is a small volume producer exempt from the requirement to generate RINs pursuant to § 80.1126(b); or

(B) The producer or importer received an equivalent volume of renewable fuel from another party without accompanying RINs.

(C) The producer or importer has generated RINs for cellulosic biomass ethanol or waste-derived ethanol having an equivalence value of 2.5, and has chosen to specify as unassigned a number of gallon-RINs pursuant to § 80.1126(e)(4).

(7) Any transfer of ownership of assigned RINs must be documented on product transfer documents generated pursuant to § 80.1153.

(i) The RIN must be recorded on the product transfer document used to transfer ownership of the RIN and the volume to another party; or

(ii) The RIN must be recorded on a separate product transfer document transferred to the same party on the same day as the product transfer document used to transfer ownership of the volume of renewable fuel.

(b) *RINs not assigned to volumes of renewable fuel.* (1) *Unassigned RIN*, for the purposes of this subpart, means a RIN with a K code of 2 that has been separated from a volume of renewable fuel pursuant to § 80.1126(e)(4) or § 80.1129.

(2) Any party that has registered pursuant to § 80.1150 can hold title to an unassigned RIN.

(3) Unassigned RINs can be transferred from one party to another any number of times.

(4) An unassigned batch-RIN can be divided by its holder into multiple batch-RINs, each representing a smaller number of gallon-RINs, if all of the following conditions are met:

(i) All RIN components other than SSSSSSSS and EEEEEEEEE are identical for the original parent and newly formed daughter RINs.

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(ii) The sum of the gallon-RINs associated with the multiple daughter batch-RINs is equal to the gallon-RINs associated with the parent batch-RIN.

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§ 80.1129 Requirements for separating RINs from volumes of renewable fuel.

(a)(1) Separation of a RIN from a volume of renewable fuel means termination of the assignment of the RIN to a volume of renewable fuel.

(2) RINs that have been separated from volumes of renewable fuel become unassigned RINs subject to the provisions of § 80.1128(b).

(b) A RIN that is assigned to a volume of renewable fuel is separated from that volume only under one of the following conditions:

(1) Except as provided in paragraph (b)(6) of this section, a party that is an obligated party according to § 80.1106 must separate any RINs that have been assigned to a volume of renewable fuel if they own that volume.

(2) Except as provided in paragraph (b)(5) of this section, any party that owns a volume of renewable fuel must separate any RINs that have been assigned to that volume once the volume is blended with gasoline or diesel to produce a motor vehicle fuel.

(3) Any party that exports a volume of renewable fuel must separate any RINs that have been assigned to the exported volume.

(4) Any renewable fuel producer or importer that produces or imports a volume of renewable fuel shall have the right to separate any RINs that have been assigned to that volume if the producer or importer designates the renewable fuel as motor vehicle fuel and the renewable fuel is used as motor vehicle fuel.

(5) RINs assigned to a volume of biodiesel (mono-alkyl ester) can only be separated from that volume pursuant to paragraph (b)(2) of this section if such biodiesel is blended into diesel fuel at a concentration of 80 volume percent biodiesel (mono-alkyl ester) or less.

(i) This paragraph (b)(5) shall not apply to obligated parties or exporters of renewable fuel.

(ii) This paragraph (b)(5) shall not apply to renewable fuel producers meeting the requirements of paragraph (b)(4) of this section.

(6) For RINs that an obligated party generates, the obligated party can only separate such RINs from volumes of renewable fuel if the number of gallon-RINs separated is less than or equal to its annual RVO.

(7) A producer or importer of cellulosic biomass ethanol or waste-derived ethanol can separate a portion of the RINs that it generates pursuant to § 80.1126(e)(4).

(c) The party responsible for separating a RIN from a volume of renewable fuel shall change the K code in the RIN from a value of 1 to a value of 2 prior to transferring the RIN to any other party.

(d) (1) Upon and after separation from a renewable fuel volume, a RIN shall not appear on documentation that is either:

(i) Used to identify title to the volume of renewable fuel; or

(ii) Transferred with the volume of renewable fuel.

(2) Upon and after separation of a RIN from its associated volume, product transfer documents used to transfer ownership of the volume must continue to meet the requirements of § 80.1153(a)(5)(iii).

(e) Any obligated party that uses a renewable fuel in a boiler or heater must retire any RINs associated with that volume of renewable fuel and report the retired RINs in the applicable reports under § 80.1152.

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§ 80.1130 Requirements for exporters of renewable fuels.

(a) Any party that owns any amount of renewable fuel (in its neat form or blended with gasoline or diesel) that is exported from the region described in § 80.1126(a) shall acquire sufficient RINs to offset a Renewable Volume Obligation representing the exported renewable fuel.