

**Environmental Protection Agency**

**§ 80.1127**

Agency, and may be reviewed for appropriateness.

(8) (i) A party is prohibited from generating RINs for a volume of renewable fuel that it produces if:

(A) The renewable fuel has been produced from a chemical conversion process that uses another renewable fuel as a feedstock; and

(B) The renewable fuel used as a feedstock was produced by another party.

(ii) Any RINs that the party acquired with renewable fuel used as a feedstock shall be assigned to the new renewable fuel that was made with that feedstock.

(e) *Assignment of RINs to batches.* (1) Except as provided in paragraph (e)(4) of this section, the producer or importer of renewable fuel must assign all RINs generated to volumes of renewable fuel.

(2) A RIN is assigned to a volume of renewable fuel when ownership of the RIN is transferred along with the transfer of ownership of the volume of renewable fuel, pursuant to §80.1128(a).

(3) All assigned RINs shall have a K code value of 1.

(4) *RINs not assigned to batches.* (i) If a party produces or imports a batch of cellulosic biomass ethanol or waste-derived ethanol having an equivalence value of 2.5, that party must assign at least one gallon-RIN to each gallon of cellulosic biomass ethanol or waste-derived ethanol, representing the first 1.0 portion of the Equivalence Value.

(ii) Any remaining gallon-RINs generated for the cellulosic biomass ethanol or waste-derived ethanol which represent the remaining 1.5 portion of the Equivalence Value may remain unassigned.

(iii) The producer or importer of cellulosic biomass ethanol or waste-derived ethanol shall designate the K code as 2 for all unassigned RINs.

[72 FR 23995, May 1, 2007]

**§ 80.1127 How are RINs used to demonstrate compliance?**

(a) *Renewable volume obligations.* (1) Except as specified in paragraph (b) of 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:

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

Where:

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

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

$\text{RVO}_i$  = 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  $(\sum \text{RINNUM})_{i-1}$  may not exceed a value determined by the following inequality:

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

(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:

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

Where:

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

$\text{EEEEEEEE}$  = Batch-RIN component identifying the last gallon-RIN associated with the batch-RIN.

$\text{SSSSSSSS}$  = Batch-RIN component identifying the first gallon-RIN associated with the batch-RIN.

§ 80.1128

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(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:

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

Where:

$D_i$  = The deficit, in gallons, generated in calendar year i that must be carried over to year i+1 if allowed 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.

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

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

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**§ 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.

(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 equa-

tion must be satisfied for assigned RINs and volumes of renewable fuel owned by a party:

$$\Sigma(RIN)_D \leq \Sigma(V_{si} \times EV_i)_D$$

Where:

$D$  = Applicable date.

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

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

$EV_i$  = Equivalence value representing volume i.

$\Sigma(V_{si} \times EV_i)_D$  = 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.

$$\Sigma(RIN) / V_s = EV$$

Where:

$\Sigma(RIN)$  = 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