

INFORMATION COLLECTION REQUEST (ICR)  
OMB-83 SUPPORTING STATEMENT  
ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF AIR & RADIATION  
Amended version.

Please note: Additions were made to this document on September 21, 2006. These additions, which are designed to assist interested parties to better understand the ICR, are marked in yellow and were made in response to comments received from staff in EPA's Collection Strategies Division.

A. JUSTIFICATION

1. Identification of the Information Collection

a. Title: Renewable Fuels Standard (RFS) Program (Proposed Rule) - EPA ICR No. 2242.01

b. Short characterization:

Section 1501 of the Energy Policy Act describes the RFS program. This provision was added to the Clean Air Act as Section 211(o), and requires EPA to establish a program to ensure that the pool of gasoline sold in the contiguous 48 states contains specific volumes of renewable fuel for each calendar year starting with 2006. Please refer to "Regulation of Fuels and Fuel Additives: Renewable Fuel Standard Program - Notice of Proposed Rulemaking" (available in docket number EPA-OAR-2005-0161) for a detailed discussion of the proposed RFS program. For compliance purposes, volumes of renewable fuel are identified through the use of renewable identification numbers (RINs) that are initially generated by the producer of the renewable fuel.

There are three broad categories of parties who have registration, recordkeeping, and reporting related responsibilities. These are: 1) obligated parties (refiners and importers of gasoline) and exporters of renewable fuel, 2) producers of renewable fuels, and 3) any party who owns RINs. The largest identifiable group who may own RINs are blenders, and as such, they are indicated separately on **Table 1** of this supporting statement. The universe of parties who may own RINs may also include marketers, brokers, and others included in the estimates in **Table 1**.

The draft Regulatory Impact Analysis (RIA) in the public docket cited provides additional detailed information about the regulated universe (see Chapter 1).

The proposed registration and recordkeeping requirements are designed to mirror existing fuels programs to the extent possible, such as the reformulated gasoline (RFG) and anti-

dumping program (EPA ICR series 1591) and diesel the sulfur program (EPA ICR series 1718). Parties registered under these programs do not have to re-register under the RFS program unless there is a change in their registration information. Most parties who are already registered would fall under the category of obligated parties (refiners and importers). Some subset of blenders may also already be registered.

## 2. Need For, and Use of, the Collection

### a. Authority for the Collection

Sections 114 and 208 of the Clean Air Act (CAA), 42 U.S.C. §§ 7414 and 7542, authorize EPA to require recordkeeping and reporting regarding enforcement of the provisions of Title II of the CAA.

### b. Practical Utility/Uses of the Data

The recordkeeping and reporting requirements of this regulation will allow EPA to monitor compliance with the RFS program.

## 3. Non-duplication, Consultation, and other Collection Criteria

### a. Non-duplication

Efforts have been made to eliminate duplication in this information collection. Where possible, information requirements from various organizations within the Agency have been combined to minimize the submittal of duplicate information in different formats. Parties who have previously registered under existing compliance programs such as RFG and anti-dumping and diesel fuel and they will not be required to re-register with EPA. The information in this collection will not be available from another source.

### b. Public Notice

EPA will announce opportunity for notice and comment regarding this ICR via the notice of proposed rulemaking.

### c. Consultations

We have drawn upon our experience with similar fuels regulations to develop these estimates. Interested parties may also be interested in reviewing "Chapter 1 - Industry Characterization" of the draft Regulatory Impact Analysis (RIA) available in the public docket for this proposed rule.

Assumptions from the draft RIA were used for this supporting statement.

d. Effects of Less Frequent Data Collection

We have designed the reporting schedule to coincide with existing reporting deadline applicable to many of the same parties under such programs as RFG and anti-dumping and diesel fuel. Less frequent collection of data would make it impossible to carry out the provisions of the CAA and EPAct.

e. General Guidelines

This rule does not exceed any of the OMB guidelines.

f. Confidentiality

We inform respondents that they may assert claims of business confidentiality (CBI) for any or of the information they submit. Any information claimed as confidential will be treated in accordance with 40 CFR Part 2 and established Agency procedures. Information that is received without a claim of confidentiality may be made available to the public without further notice to the submitter under 40 CFR § 2.203.

g. Sensitive Information

This information collection does not require submission of any sensitive information.

4. The Respondents and the Information Requested

a. Respondents/**with NAICS** and SIC Codes

The respondents to this information collection include: petroleum refineries (**324110**/2911), ethyl alcohol manufacturers (**325193**/2869), other basic organic chemical manufacturing (**325110**/2869), chemical and allied products merchant wholesalers (**426990**/5169), petroleum bulk stations and terminals (**422710**/5171), petroleum and petroleum products merchant wholesalers (**422720**/5172), and other fuel dealers (**454319**/5989).

b. Information Requested

**A) Reporting: The individual reports required from respondents are fully explained in section IV of the draft notice of proposed rulemaking. Specifically, these reporting items include registration of parties covered by the regulation and reporting related to transactions involving RINs.**

We are proposing to use the same basic forms for registration that we use under the reformulated gasoline (RFG) and anti-dumping program.<sup>1</sup> As with other fuels programs under 40 CFR Part 80, registration is required and compliance reports are proposed to be submitted on an annual basis. Parties who are already registered under other part 80 fuels programs would not have to re-register. Parties obligated to meet the renewable standard and who would have to register include refiners, importers, and blenders of gasoline. Exporters of renewable fuel are required to register. Producers and importers of renewable fuel and any other party who owns RINS also would also have to register.

There are three broad types of reports that are proposed to be required of parties and these are: 1) a compliance demonstration report indicating the annual volume of gasoline produced, imported, or exported and containing compliance calculations; 2) a detailed transaction report regarding RINS (this report would be akin to credit trading reports filed under other part 80 fuels programs), and 3) a summary report regarding RIN transactions. The exact reports filed will depend upon the activity engaged in by the party. For example, a party subject to the renewable standard would file the compliance demonstration report, a detailed transaction report, and a summary report. A party who only owns RINS but who is not obligated to meet the renewable standard would file the detailed transaction report and the summary report.

Attest engagements are required on underlying records of parties obligated to meet the renewable standard and exporters of renewable fuels, as well as by producers and importers of renewable fuels.

"Table 1 - Respondent Burden Hours & Costs," found on page 6 of this draft supporting statement, indicates the estimated burden per respondent per report. This table specifies reports by party. We anticipate providing respondents the opportunity to engage in simplified, electronic reporting via the Agency's Central Data Exchange (CDX). Respondents must keep copies of all reports filed for five years.

B) Recordkeeping: Respondents must retain underlying records related to reports they file for five years. This period is consistent with other fuels programs and with customary business practices (CBP) for the industry. Respondents must transfer volumes of fuel with product transfer documentation or bills of lading, which is already done in the course of business. The only new burden we anticipate related to such documentation

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<sup>1</sup> Please refer to <http://www.epa.gov/otaq/regs/fuels/rfgforms.htm>. The relevant registration forms for our existing fuels programs are 3520-20A, 3520-20B, and 3520-20B1.

is related to the initial generation of RIN codes and this burden is included in Table 1.

## 5. The Information Collected, Agency Activities, Collection Methodology, and Information Management

### a. Agency Activities

- All reports and registrations be reviewed by EPA for completeness and for potential violations.
- Potential violations will be referred to enforcement personnel.
- Registration numbers will be issued for new registrants.
- Reports and registrations will be stored by EPA in a secure location.

### b. Collection and Methodology and Management

We anticipate receiving data in a simplified and secure fashion via the Agency's CDX. Information claimed as CBI will be stored in appropriately controlled areas.

### c. Small Entity Flexibility

This collection will not adversely affect small entities. The notice of proposed rulemaking describes flexibility provisions available to small refiners; a one-time burden is associated with applying for small refiner status and this burden has been minimized to the fullest extent possible.

### d. Collection Schedule

Registrations are received on a rolling basis, as updates may be sent in at any time and new parties may enter the regulated industry at any time. Most reporting is annual.

## 6. Estimating the Burden and Cost of Collection

### a. Estimating the Respondent Universe

We drew upon experience implementing similar regulations among the same entities to develop estimates of the burden associated with this collection.

b. Estimating the Respondent Burden and Cost

Three labor categories are involved: managerial (includes legal and professional review), technical, and clerical. The estimates use the Bureau of Labor Statistics figures from "Employer Costs for Employee Compensation - Table 12 - Private Industry, Manufacturing, and Non-Manufacturing Industries by Occupational Group" (December 2003), with a 3% annual inflation factor applied to bring the values to 2006. Using this method, the following wages and benefits apply by category:

Wages and Benefits

Managerial	\$53.87 per hour
Technical	\$35.29 per hour
Clerical	\$24.56 per hour

Doubling for company overhead beyond wages and benefits, and for convenience, rounding up to the dollar, gives the following rates for this ICR:

Total Employer Cost

Managerial	\$108 per hour
Technical	\$71 per hour
Clerical	\$49 per hour

[N.B. - correction made to reflect similar ICR series.] The labor mix for the activities estimated will be about the same for each and is consistent with ICRs in the 1591 (reformulated gasoline and anti-dumping) and 1718 (diesel fuel) series. It is assumed that for each hour of activity the mix will be about 0.1 hour managerial, 0.7 hour technical, and 0.2 hour clerical. This gives an average labor cost of \$71 per hour, which will be used in this ICR.

**TABLE 1 - Respondent Burden Hours & Costs  
(Including Capital & Maintenance - O&M)**

Collection Activity	Number of Respondents	Number of Responses per Respondent	Total Number of Responses	Hours per Response & Cost per Response	Total Hours & Total Cost @ \$71/hour	Total O&M
Refiner and importer of gasoline ("obligated parties") and exporter of renewable fuel registration	25 <sup>2</sup>	2	50	2 ----- \$142.00	100 ----- \$7,100	0
Renewable fuel producer registration	280 <sup>3</sup>	1	280	4 <sup>4</sup> ----- \$284.00	1,120 ----- \$79,520	0

<sup>2</sup> Assumes 150 refiners (rounded up from the draft RIA) and 75 importers. Virtually all in this identified universe of 225 are already registered; number of respondents includes new registrants (exporters of renewable fuel). We have estimated 25 new registrants. Assumes two facilities/reports per party.

<sup>3</sup> Assumes 162 ethanol plants that may be on line by December 2012 (102 are on line now) plus 117 biodiesel plants in that time frame (53 are on line now); this yields 279, rounded up for convenience.

<sup>4</sup> Although refiners and importers are familiar with registration, renewable fuel producers are new registrants. We assumed extra time in order to prepare the registration form.

Registration by blenders who own RINs	1,200	1	1,200	2 --- \$142.00	2,400 --- \$170,400	0
Registration by parties who own RINs other than blenders	300 <sup>5</sup>	1	300	4 --- \$284.00	1,200 --- \$85,200	0
Obligated party (refiner and importer) and exporters of renewable fuel's reporting related to compliance with the standard (one report)	250 <sup>6</sup>	1	250	4 ---- \$284.00	1,000 --- \$71,000	0

<sup>5</sup> The future market will determine the actual number of parties. We have estimated 100 brokers, 100 marketers, and 100 "other" parties (e.g. jobbers, terminal owners) not covered by other reporting categories.

<sup>6</sup> See note 1.



Obligated party (refiner and importer) and exporters of renewable fuel's reporting related to RIN transactions and balances (two related reports)	250	1	250	4 --- \$284.00	1,000 --- \$71,000	0
Renewable fuel producers' annual reports related to renewable fuel production and RIN generation (one report)	280	1	280	4 --- \$284.00	1,120 --- \$79,520	0

Renewable fuel producers' reports related to RIN transactions and balances (two related reports)	280	1	280	4 --- \$284.00	1,120 --- \$79,520	0
Blenders' reports related to RIN transactions and balances (two related reports)	1,200	1	1,200	4 --- \$284.00	4,800 --- \$340,800	0
Reports by parties other than blenders related to RIN transactions and balances (two related reports)	300	1	300	4 --- \$284.00	1,200 --- \$85,200	0

Attest engagement by obligated parties (refiners and importers)& exporters of renewable fuel on three reports	250	1	250	*All PS (see O&M)	* All PS (see O&M)	\$852,000 <sup>7</sup>
Attest engagement by renewable fuel producers on three reports	280	1	280	*All PS (see O&M)	*All PS (see O&M)	\$954,240 <sup>8</sup>
Applications for general small refiner exemption	25	1	25	10 --- \$710	250 --- \$17,750	0

<sup>7</sup> Assumes 8 hours for each report that is subject to the attest engagement per respondent (24 hours) for 250 respondents at \$142/hour (double the estimated hourly rate for an employee).

<sup>8</sup> Assumes 8 hours for each report that is subject to the attest engagement per respondent (24 hours) for 280 respondents at \$142/hour.

Applications for extension of small refiner exemption due to economic hardship	25	1	25	10 --- \$710	250 --- \$17,750	0
<b>Total</b>	<b>4,945 Respondents</b>	-----	<b>4,970 Responses</b>	-----	<b>15,560 Hours</b> ----- <b>\$1,104,760 Dollars</b>	--- <b>\$1,806,240 Dollars (all Purchased Services)</b>

### c. Estimating the Agency Burden and Cost

EPA must generate company and facility registration number(s) for new registrants and notify them of these numbers, which must appear on reports. Report formats and instructions/guidance must be prepared Agency personnel. Reports will be processed by contractors and must be reviewed by Agency personnel. No response back to the submitter is required for reports and attest engagements, unless a problem/error is noted. Because we anticipate that much of the information submitted will be claimed as CBI, security measures and tools must be applied to protect the data.

We anticipate that many of our activities related to RFS will be similar to that of other fuels programs, including the reformulated gasoline and anti-dumping program (EPA ICR series 1591) and the diesel sulfur program (EPA ICR series 1718). In an effort to simplify reporting for regulated parties, we are working to simplify and combine fuel-related reporting activities and to store all data on a single, secure, closed local area network (LAN). As discussed elsewhere in this supporting statement, we will be encouraging highly simplified, electronic methods of reporting through the Agency's CDX portal.

This supporting statement estimates a burden for the RFS program that is similar to that of other major fuels programs, particularly the RFG and anti-dumping reporting program (ICR series 1591) and that considers "start-up" costs associated with accepting new registrants and new reports. Using the RFG and anti-dumping ICR and other recent fuels-related ICRs as a guide in developing these initial estimates for RFS, we anticipate that RFS may require the equivalent labor of two full time GS-13 technical employees for a total of \$322,000, and may labor costs of \$152,000 in the clerical category and \$56,000 in the management category.<sup>9</sup> Most of the clerical category labor will be related to the start-up effort of processing of new registrations and issuing of registration numbers. In addition, we estimate \$483,000 in additional contract costs related to data processing and IT support services.<sup>10</sup> Additional IT costs may include future purchases of new hardware (e.g. servers,

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<sup>9</sup> These estimates are derived from "OPM Salary Table 2006-DCB," effective January 2006, covering Washington DC workers. This table may be found at <http://www.opm.gov/oca/06tables/indexGS.asp>. The extreme of step 10 was assumed for all categories. We have assumed a full-time GS-7 clerical worker, two full-time GS-13 technical workers, and a GS-15 manager working one-quarter of his/her time managing this project (0.25). All values were multiplied by 1.6 (which is a common factor utilized in ICRs to account for overhead costs). We rounded the resulting dollar value to the nearest thousand.

<sup>10</sup> This estimate assumes an increase of 50% over current contracts for fuels reporting, which total \$966,000 for 2006.

workstations) and additional software, software licenses and security-related expenses required for handling of reports. These IT costs are roughly estimated at \$80,000. Since we are using the CDX, some costs incurred by the Agency will be tied to the number of registrants who send us reports. Specifically, there is an annual "subscription cost" associated with the use CDX that is passed on to the EPA program office and we estimate that new registrants due to RFS may cost us approximately \$45,000.<sup>11</sup> There are also development and maintenance costs related to enabling RFS reporting via CDX and we estimate approximately \$50,000<sup>12</sup> in such costs, which are separate from subscription costs and other items described. All of these items yield a total of \$1,188,000. Please note, however, that some items are difficult to estimate at this time and may not be included in our estimate. Therefore, the actual dollar amount may be higher than our estimate. As with all items in this supporting statement, we strongly encourage comment on the estimated Agency burden and on the Agency activities associated with this proposed information collection.

d. Estimating the Respondent Universe

We were able to estimate the number of regulated entities drawing upon experience regulating the same or similar entities.

e. Bottom Line Burden Hours and Costs

From Table 1, we estimate the following totals:

**TOTAL NO. OF REPORTS: 4,970**  
**TOTAL BURDEN HOURS: 15,560**  
**TOTAL LABOR COSTS: \$ 1,104,760**  
**TOTAL NON-POSTAGE COSTS (for PURCHASED SERVICES): \$ 1,806,240**

f. Reason for Change in Burden

The change in burden is due to regulations that give effect the EPAct provisions for a renewable fuels standard (RFS).

g. Burden Statement [N.B. - newer version of burden statement added]

The annual public reporting and recordkeeping burden for this collection of information is estimated to 3.1 hours per

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<sup>11</sup> This estimate is based upon recently negotiated subscription costs for other fuels reporting programs of \$15,000 per year.

<sup>12</sup> This estimate is based upon a recently proposed CDX project of similar complexity.

response.<sup>13</sup> Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR part 9 and 48 CFR chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID number EPA-OAR-2005-0161, which is available for online viewing at [www.regulations.gov](http://www.regulations.gov), or in person viewing at the Air Docket in the EPA Docket Center (EPA/DC), EPA West, Room B102, 1301 Constitution Avenue, NW, Washington, D.C. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the Air Docket is (202) 566-1742. NOTE: The Docket Center suffered damage due to flooding during the last week of June 2006. The Docket Center is continuing to operate. However, during the cleanup, there will be temporary changes to the Docket Center telephone numbers, addresses, and hours of operation for people who wish to make hand deliveries or visit the Public Reading Room to view documents. Consult the EPA Federal Register notice at 71 FR 38147 (July 5, 2006) or [www.epa.gov/epahome/dockets.htm](http://www.epa.gov/epahome/dockets.htm) for current information on docket operations, locations and telephone numbers. The Docket Center's mailing address for U.S. mail and the procedure for submitting comments to [www.regulations.gov](http://www.regulations.gov) are not affected by the flooding and remain the same.

An electronic version of the public docket is available at [www.regulations.gov](http://www.regulations.gov). This site can be used to submit or view public comments, access the index listing of the contents of the public docket, and to access those documents in the public docket that are available electronically. When in the system, select

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<sup>13</sup> The average respondent burden is the total number of hours divided by the total number of reports (responses) from Table 1, rounded up to the first decimal place for simplicity.

"search," then key in the Docket ID Number identified above. Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, D.C. 20503, Attention: Desk Officer for EPA. Please include the EPA Docket ID Number EPA-HQ-OAR-2005-0161 and OMB Control Number 2060-AN-76 in any correspondence.