

SUPPORTING STATEMENT FOR THE
RENEWABLE FUELS STANDARD (RFS2) PROGRAM (RENEWAL)

A. JUSTIFICATION

1. Identification of the Information Collection

1(a) Title: Renewable Fuels Standard (RFS2) Program, EPA ICR No. 2380.02, OMB Control Number 2060-0637.

1(b) Short characterization:

Section 1501 of the Energy Policy Act of 2005 (the Act) describes the renewable fuel program, also known as the Renewable Fuel Standard (RFS) program or RFS 1. This provision was added to the Clean Air Act as Section 211(o), and required EPA to establish a program to ensure that U.S. gasoline contains specific volumes of renewable fuel for each calendar year 2006 through 2012. The program started in 2006 and was covered by EPA ICR No. 2242.02, OMB Control Number 2060-0600 which is now discontinued due to the expansion of the RFS1 program now referenced as RFS2 and covered under a different ICR and OMB number.

RFS1 was designed to significantly increase the volume of renewable fuels that blended into gasoline, starting with calendar year 2006 to 2.78 percent. 2.78 percent of the gasoline sold or dispensed to consumers for calendar year 2006 had to be renewable fuel. The RFS1 program did not address issues for 2007 and beyond. The Agency needed to determine and publish the applicable renewable fuel standard for each year, and also needed to specifically identify liable parties, lay out the compliance program including recordkeeping and reporting requirements, and delineate all elements of the credit trading program including how credits are generated, how they can be transferred, and how they can be used for compliance purposes. All these and many other issues impacting the full RFS program were addressed in a subsequent Agency action and were not discussed in the proposed rulemaking (NPRM).

Please refer to “Regulation of Fuels and Fuel Additives: Renewable Fuel Standard Program – Notice of Proposed Rulemaking” and “Regulation of Fuels and Fuel Additives: Renewable Fuel Standard Program – Final Rule” (both available in docket number EPA-HQ-OAR-2005-0161) for a detailed discussion of the RFS1 program.

The Energy Independence and Security Act of 2007 (EISA) further amended the Clean Air Act, section 211(o), and required new regulations for renewable fuels. The newer RFS program is referred to in this supporting statement as "RFS2." Under RFS2, the volume requirement and types of renewable fuels are expanded; non-road uses are included (RFS1 only affected motor vehicle fuel); there are additional types of waivers and special provisions for renewable fuel types; and EPA has implemented an EPA Moderated Transaction System (EMTS) for RINs. Additional parties will be required to register, keep records, and report. Please refer to the Final Rule (available in docket number EPA-HQ-OAR-2005-0161) for a detailed discussion of the RFS2 program.

With the new requirements in the RFS program now RFS2, all supporting information and notices will be addressed under EPA ICR No. 2380.02, OMB Control Number 2060-0637. This supporting statement provides tables that break down reporting items by party (e.g. producer, importer, refiner, etc.) and the cost related to their reporting activity. For compliance purposes, under RFS2, 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. However, there are additional types of RINs and the volume of RINs traded is expected to be great.

2. Need For, and Use of, the Collection

2(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.

2(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

3(a) Non-duplication

Efforts have been made to eliminate duplication in this information collection. The information collected is considered CBI and unique to the closed DCFUEL database. EPA has provided instructions in PDF in which the parties submit data in the Unified Report Form (XLS) to the Agency's Central Data Exchange (CDX). CDX also allows for updating and corrections to individual accounts. The data relates to individual fuel volume by facility and are not available from other sources.

3(b) Public Notice

EPA sought comment on reporting requirements via the Federal Register on November 20, 2012 (77 FR 69620). EPA received no public comments.

3(c) Consultations

EPA has consulted with two parties, Mr. Tim Hogan of the American Fuel and Petrochemical Manufactures, who can be contacted on (202)-457-0480, and Mr. Bob Schafer of

The National Biodiesel Board (NBB), who can be reached on 202-737-8801. Mr. Schafer did not respond. Mr. Tim Hogan reviewed the ICR as it relates to the obligated parties and found that the tables were not clear. Changes were made for better analysis of party burden.

3(d) Effects of Less Frequent Data Collection

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

3(e) General Guidelines

EPA requests an exception to the OMB guidelines that agencies may only require records to be maintained for no more than three years. Section 40 CFR 80.1454(l) requires record retention for five years from the date the records were created. Records related to RIN transactions are to be kept five years from the transaction date. Records can be kept either electronically or on paper. EPA needs to make sure regulated parties keep records long enough to be evaluated for compliance during this time period. 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.

3(f) Confidentiality

We inform respondents that they may assert claims of business confidentiality (CBI) for information they submit. Actual RINs should not be treated as confidential business information under RFS2, as they are necessary identifiers to accompany renewable fuels. 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.

3(g) Sensitive Information

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

4. The Respondents and the Information Requested

4(a) Respondents with NAICS/ SIC Codes

The respondents to this information collection fall into the following general industry categories: 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).

Using the terminology associated with the RFS2 Rule, we have assumed the following classes of party, which are covered by this supporting statement.

- Producers of renewable fuels
- Importers
- Obligated Parties
- Parties who own RINs (including foreign RIN owners)

4(b) Information Requested

The respondents are subject to this collection to demonstrate compliance with the RFS Program. For this purpose, the respondents are required to report to EPA, via the Agency's Central Data Exchange (CDX), their fuel volumes identified through the use of renewable identification numbers (RINs). The respondents are involved in the initial generation of renewable fuel to be introduced in commerce. Additional requested information to be reported come from producers and importers in the form of attest engagements reports and new pathway petition submissions.

(i) Data Items

On request by EPA records must be made available; for electronic records, this includes equipment or software needed to read the electronic records. If requested by EPA, electronic records shall be converted to paper documents. The types of records for retention under this collection are as follows:

Recordkeeping: Common Requirements for All Parties

- Product Transfer Documents (PTDs) for any Activity as a Transferor/Transferee of ownership of Renewable Fuel
- Copies of Reports Submitted to EPA records related to RIN Transactions
- List of RINS Owned, Purchased, Sold, or Retired
- Parties Involved in Each Transaction – Transferor, Transferee, and any Broker or Agent
- Transaction Date
- Additional Information Related to Details of the Transaction and its Terms
- Any Parties Other Than Renewable Producers and Obligated Parties
- Obligated Parties should retain PTDs associated with transactions

Recordkeeping: Renewable Producer/Importer Specifics –1

- Records Related to the Generation and Assignment of RINs by Facility

- Batch Volume, Batch No., RIN, Renewable Type, Production/Import Date, Lab Results, Additional info related to RIN Generation
- Records Related to the Production/Importation of Neat Motor Fuel and its Use
- Renewable Fuel Designated by the Producer or Importer of Motor Vehicle Fuel

Recordkeeping: Renewable Producer/Importer Specifics – 2, Verifiable Records

- The amount and type of fossil fuel and waste material-derived fuel used in producing on-site thermal energy dedicated to the production of ethanol at plants producing cellulosic biomass ethanol through the displacement of 90 percent or more of the fossil fuel normally used in the production of ethanol
- The amount and type of feedstocks used in producing cellulosic biomass ethanol
- The equivalent amount of fossil fuel (based on reasonable estimates) associated with the use of off-site generated waste heat that is used in the production of ethanol at plants producing cellulosic biomass ethanol through the displacement of 90 percent or more of the fossil fuel normally used in the production of ethanol
- The plot plan and process flow diagram for plants producing cellulosic biomass and waste derived ethanol
- The independent third party verification required under 40 CFR § 80.1155 for producers cellulosic biomass ethanol and waste derived ethanol

Recordkeeping: Obligated Parties & Renewable Exporters

- Records Related to the Use of RINS (by Facility if Applicable) for Compliance
 - Methods and Variables Used to Calculate the RVO
 - List of RINs Used to Demonstrate Compliance
- Additional Information Related to Details of RIN Use for compliance

(ii) Respondent Activities

All respondents must be registered in the DCFUEL application to obtain a valid company number to sign up in CDX. In CDX parties will submit facility registration corrections and updates and report fuel volumes used for buying and selling RINS in the EMTS. The information submitted to EPA during a company’s initial registration defines its roles, responsibilities and participation in the EMTS environment. Producers and importers are responsible for financing a yearly attest engagement or audit to verify their facilities. In this collection producers and importers may also submit new pathway petitions for EPA approval.

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

5(a) Agency Activities

- All reports and registrations will 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.
- Contacting reporting parties if there is a problem with their submission.

5(b) Collection and Methodology and Management

EPA will continue to receive all reports, registrations, initial registrations and updates. We anticipate receiving data in a simplified and secure fashion via the Agency's electronic Central Data Exchange (CDX). Information claimed as CBI will be stored in appropriately controlled areas. EPA will provide Guidance Documents, Report Instructions and Report Templates on <http://www.epa.gov/otaq/regs/fuels/forms.htm>.

5(c) Small Entity Flexibility Provisions

The flexibility provisions that are available to small entities are found in 40 CFR § 80.1441 and § 80.1442. These refiners have less than 1,500 employees corporate-wide and corporate average crude oil capacity less than or equal to 155,000 barrels per calendar day. There are only six refiners that meet this definition registered in DCFUEL under the RFS2 program. The following provisions were finalized in the RFS2 final rule to assist small entities that could benefit from some additional flexibility in compliance with the RFS program:

- **Case-by-Case Hardship for Small Refiners (and Small Refineries).** Small refineries and small refiners may also apply for an extension of the temporary exemption, based upon disproportionate economic hardship, on a case-by-case basis. Any small refinery or small refiner may apply for this case-by-case hardship at any time. In evaluating applications for this hardship provision, EPA will take into consideration information such as: information gathered from annual reports, RIN system progress updates, information provided by the petitioner, and information gathered through consultation with the Department of Energy (DOE). If granted an exemption, the refinery would also be exempt from all recordkeeping and reporting requirements.
- **Small volume production facilities and importers exemption.** Permanently exempt (production/importation of less than 10,000 gallons annually) or temporarily exempt (production of less than 125,000 annually) are exempt from: generating RINS, registration, reporting, recordkeeping, and attest engagement requirements. The exemption only applies as long as a small volume production facility or importer does not own RINs or voluntarily generate and assign RINs.

5(d) Collection Schedule

Registrations are received on a rolling basis. Updates may be sent in at any time after initial registration. New parties may enter the regulated industry at any time, triggering registration requirements. Petitions for new renewable fuels and pathways are also being received.

6. Estimating the Burden and Cost of Collection

6(a) Estimating the Respondent Burden

We drew upon experience implementing similar regulations among the same entities to develop estimates of the burden associated with this collection. The number of each participating party was a result of registrations in the RFS2 program DCFUEL database. The time per response assumptions or the time it takes to perform updates and corrections, new party registrations and new CDX registrations came from EPA's experience implementing the RFS program and having knowledge from industry on how long it takes to produce compliance documents and entry of data in the Central Data Exchange (CDX) and EPA Moderated Transaction System (EMTS). EPA estimated that it would take industry 8 hours to produce a new pathways petition, twenty-four hours to perform a yearly attest engagement and 2 hours for new CDX and new party registrations. For existing members of any party, EPA has estimated 2 hours for registration updates and corrections. EPA has provided percentages by party totals to project assumptions in this collection. The information used came from observed registration and reporting activity in CDX and EMTS. In this collection, producers and importers are required to finance and to submit to EPA a yearly attest engagement calculated at \$206 per hour. In the last information request, respondents were required to re-register their companies which increased the cost and hourly burden. In this collection EPA should see a decrease in cost and responses. From the estimates there are 1,672 participants in this collection.

- Producers of renewable fuels (500)
- Importers (72)
- Obligated Parties (150)
- Parties who own RINs (including foreign RIN owners) (950)

6(b) Estimating the Respondent Costs

Three labor categories are involved: managerial (includes legal and professional review), technical, and clerical. The estimates used the Bureau of Labor Statistics figures from "National Industry-Specific Occupational Employment & Wage Estimate "Petroleum and Coal Products Manufacturing" (May 2011), with a 3% annual inflation factor applied to bring the values to the present. Using this method, the following wages and benefits apply by category:

Wages and Benefits

Managerial	\$67.44 per hour
Technical	\$65.56 per hour
Clerical	\$22.17 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	\$135.00 per hour
Technical	\$131.00 per hour
Clerical	\$ 44.00 per hour

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 \$103 per hour, which will be used in this ICR. For purchased services related to the yearly attest engagements for producers and importers, we have doubled this hourly cost to \$206 in order to more accurately reflect the cost performing this service. There is no capitol or O&M cost associated with this collection. There is only respondent hourly burden cost incurred.

Information Collection Burden by Type of Party

Table I: Producers of Renewable Fuel

Collection Activity	Number of Respondents	Number of Responses per Party	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
80.1416							
New renewable fuels pathways at \$103/hour	15	1	15	8	\$824	120	\$12,360
80.1450							
(b)(2) Yearly attest engagements at \$206/hour	500	1	500	24	\$4,944	12000	\$2,472,000
(d) Registration updates at \$103/hour	125	1	125	2	\$206	250	\$25,750
New Registrations at \$103/hour	25	1	25	2	\$206	50	\$5,150
New CDX Registrations at \$103/hour	25	1	25	2	\$206	50	\$5,150
TOTALS	690		690			12470	\$2,520,410

Assumptions:

- 500 registered renewable fuel producers
- 25% registration updates and corrections
- 3% new pathway petitions by producers of renewable fuels
- 5% new renewable fuels producers registrations
- 5% new CDX registrations by renewable fuel producers

Information Collection Burden by Type of Party

Table II: Importers of Renewable Fuels

Collection Activity	Number of Respondents	Number of Responses per Party	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
80.1450							
(b)(1) New Registration at \$103/hour	4	1	4	8	\$824	32	\$3,296
(b)(2) Yearly Attest Engagement at \$206/hour	75	1	75	24	\$4,944	1800	\$370,800
(d) Registration update and Corrections at \$103/hour	19	1	19	2	\$206	38	\$3,914
New CDX Registration at \$103/hour	4	1	4	2	\$206	8	\$824
TOTALS	102		102			1878	\$378,834

Assumptions:

75 registered importers of renewable fuel

25% registration updates and corrections

5% new registrations for importers of renewable fuels

5% new CDX registrations by importers of renewable fuels

Information Collection Burden by Type of Party

Table III - "Obligated Parties" (Including Refiners and Exporters or Renewable Fuels)

Collection Activity	Number of Respondents	Number of Responses per Party	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
80.1450							
(a) New registrations at \$103/hour	8	1	8	8	\$824	64	\$6,592
(d) registration updates and corrections at \$103/hour	38	1	38	2	\$206	76	\$7,828
New CDX Registrations at \$103/hour	15	1	15	2	\$206	30	\$3,090
TOTALS	61		61			170	17,510

Assumptions:

- 150 companies registered as obligated parties
- 25% registration updates and corrections
- 5% new obligated party registrations
- 10% new CDX registrations by obligated parties

Information Collection Burden by Type of Party

Table IV - Any Party Who Owns/Intends to Own RINS (including blenders, brokers, marketers, etc.) (RIN Owners)

Collection Activity	Number of Respondents	Number of Responses per Party	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
80.1450							
(d) Registration updates and corrections at \$103/hour	238	1	238	2	\$206	476	\$49,028
(e) New registrations at \$103/hour	48	1	48	8	\$824	384	\$39,552
New CDX Registrations at \$103/hour	48	1	48	2	\$206	96	\$9,888
TOTALS	334		334			956	\$98,468

Assumptions:

950 registered RIN owners

25% registration updates and corrections

5% new RIN owner registration applications

5% new CDX registrations by RIN owners

Information Collection Burden by Type of Party
Table V- Additional Items of Reporting for Foreign RIN Owners

Collection Activity	Number of Parties	Number of Responses per Party	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
<i>80.1467</i>							
<i>New Applications submitted to be a foreign RIN owner at \$103/hour</i>	1	1	1	8	\$824	8	\$103
<i>Registration Corrections and updates at \$103/hour</i>	3	1	3	2	\$206	6	\$309
<i>New CDX Registrations at \$103/hour</i>	1	1	1	2	\$206	30	\$103
TOTAL	5		5			44	\$4532

Assumptions:

10 Foreign RIN Owners in party

10% new foreign RIN owner applications

30% updates and corrections in Registration in CDX

(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 by Agency personnel. Reports will be processed by contractors and must be reviewed by Agency personnel. Reporting parties must be contacted if there is a problem with their submission. We have developed forms for RFS2 reporting to include four types, rather than one type, of RIN unlike the RFS1 templates. We have provided RFS2 reporting templates as an attachment to this document.

This supporting statement considers all Agency costs associated with accepting new registrants and new reports associated with RFS2, as expressed in EPA ICR Number 2333.02. Using the RFS1, and 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 RFS2 may require the equivalent labor of one full time GS-13 technical employees for a total of \$115,000, and labor costs of \$54,875 in the clerical category and \$19,438 in the management category.¹ 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 of CDX that is passed on to the EPA program office and we estimate that registrants due to RFS2 will cost our office approximately \$200,000 per year in 2013, 2015 and 2015. We anticipate \$266,666 in annual contract costs related to registration and reporting activities. We anticipate IT development and testing costs at \$ 600,000 divided by three years to yield an annual cost of \$200,000. Adding the following values results in an annual estimated Agency burden as follows:

One GS-13 technical employee (full time) =	\$ 115,000
One GS-7 clerical worker (full-time) =	54,875
One GS-15 manager (1/8 time) =	19,438
Annual CDX subscription fee =	200,000
Annual contract costs =	266,666
Testing and development=	200,000
TOTAL =	\$855,979

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

1 These estimates are derived from "OPM Salary Table 2012-DCB," effective January 2012. 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, one full-time GS-13 technical worker, and a GS-15 manager working one-eighth of his/her time managing this project (0.125). 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. This cost is per year.

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 the tables, we estimate the following annual totals:

TOTAL NO. OF RESPONDENTS:	1, 672
TOTAL NO. OF RESPONSES:	1,192
TOTAL BURDEN HOURS:	15,518
TOTAL COST TO RESPONDENTS:	\$ 3,019,754

(f) Reason for Change in Burden

There is a sharp decrease of 43,215 hours in the total estimated respondent burden compared to the ICR currently approved by OMB. The total burden hours will decrease from 58,733 to 15,518 and the total number of responses from 7,396 to 1,192, both notable drops. This decrease was caused by members in the obligated parties once registered not being required to re-register their companies in this renewal. New registrations are required if a company acquires another or when a new company enters into a party. The requirements of the current members in the obligated party are to submit updates and corrections to their current registration when needed in CDX. The number in the respondent universe will decreased in all categories for the obligated parties thus lessening the reporting burden for its members.

6(g) Burden Statement

The annual public reporting and recordkeeping burden for this collection of information is estimated to be 13 hours per response (total number of hours divided by total number of responses). 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-HQ-OAR-2005-0161, which is available for online viewing at www.regulations.gov, or in person viewing at the Air Docket in the EPA Docket Center in

Washington, DC (EPA/DC). The docket is located in the EPA West Building, 1301 Constitution Avenue, NW, Room 3334, and is open from 8:30 a.m. to 4:30 p.m., Eastern Standard Time, 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.

An electronic version of the public docket is available at 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 “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 2060-0637 in any correspondence.