

SUPPORTING STATEMENT FOR THE
RENEWABLE FUELSTANDARD (RFS2) PROGRAM

A. JUSTIFICATION

1. Identification of the Information Collection

a. Title: Renewable Fuel Standard (RFS2) Program, EPA ICR No. 2333.03, OMB Control Number 2060-0640.

b. Short characterization:

The Energy Policy Act (EPAAct) of 2005 amended the Clean Air Act, section 211(o), and required the initial RFS program, referred to in this supporting statement as "RFS1". The RFS1 program started in 2006 and was covered by EPA ICR No. 2242.02, OMB Control Number 2060-0600. 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 (EISA) of 2007 further amended the Clean Air Act, section 211(o), and required EPA to propose new regulations for renewable fuels. The current 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-Moderating Transaction System (EMTS) for RINs. Additional parties are 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.

For compliance purposes, under both RFS1 and 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, under RFS2, there are additional types of RINs and the volume of RINs traded is greater.

This supporting statement provides tables that break down reporting items by party (e.g. producer, importer, refiner, etc.) Parties who are interested in recordkeeping and reporting burden will want to review the tables containing our estimates carefully.

2. Need For, and Use of, the Collection

a. Authority for the Collection

1Sections 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 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

1Efforts 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 parties submit data in the Unified Report Form (XLS) to the Agency's Central Data Exchange (CDX). CDX allows for updating and corrections to individual accounts. The data relates to individual fuel volume by facility and are not available from other sources.

b. Public Notice

EPA sought comment over 60 days on reporting requirements via the Federal Register Notice on February 20, 2013 (78 FR 11870). EPA received no public comments. EPA also published a Federal Register Notice with a 30-day comment period on July 7, 2013 (78 FR 45924) and requested that any comments to be sent to OMB. No comments were received during the 30-day comment period.

c. Consultations

EPA consulted with Mr. Larry Schafer with the National Biodiesel Board (NBB) who commented on the estimates only. His concern was weather the estimates reflect that all the reports were being addressed. The hours and cost seemed low for producer requirements when submitting petitions for new feedstock pathways, new fuel/pathways, EMTS Reporting and attest engagement. We also contacted the American Fuel and Petrochemical Manufactures who found a few small estimate errors in the tables which were addressed to recalculate burden cost.

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 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.

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 information they submit. Under RFS2, actual RINs should not be treated as confidential business information, 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.

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 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 Final Rule, we have assumed the following classes of party, with the number of each in parenthesis:

- Producers of renewable fuels (500, of which 300 are biodiesel producers)
- Importers (75, of which 20 are biodiesel importers)
- Obligated Parties (150)
- Parties who own RINs (950)
- Foreign Refiners (10)

[Note: The above estimates are derived from the number of registered parties as of December, 2012, rounded up. The number of biodiesel producers is the number registered as of December, 2012, rounded up.]

For biofuel feedstock producers, we have assumed the following classes of party, with the number of each in parenthesis:

- Domestic biofuel feedstock producers (1,000,000)

- Foreign biofuel feedstock producers (30,966)

[Note: The above estimates are derived from the following sources: A presentation given by Brent Butler, United States Forest Service in conjunction with the U.S. Department of Agriculture, entitled “Who Owns America’s Forest?,” dated May, 2008 estimates a 10,000,000 population of plantation and private forest owners. We have assumed 1 million owners or 10% to participate in RFS2. The Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, 2012-13 Edition, Farmers, Ranchers, and other Agricultural Managers, on the Internet at <http://www.bls.gov/ooh/management/farmers-ranchers-and-other-agricultural-managers.htm> estimated 1,106,400 persons who claim farming as an occupation and for our purposes can be possible producers of feedstock for producers of renewable fuel. Based on our experience with RFS2 registrations, we estimated the number of foreign biofuel feedstock producers to be 30,192 which is 3% of the total of domestic feedstock producers (i.e., 3% of 1,006,400.)]

This supporting statement includes reporting estimates involving biofuel feedstock producers and plantation/private forest owners. These parties must provide certain information about their feedstock and lumber byproducts resources to biofuel producers and to EPA upon request. The RFS2 final rule contains provisions requiring recordkeeping/reporting and the mapping of certain plots of land (e.g. generating a Google map or similar representation), based upon an aggregate baseline approach. At this stage in the program, this information is required for foreign biofuel feedstock producers, domestic plantation/private forest owners and foreign plantation/private forest owners. Although we expect that this could lead to future burden on the part of certain biofuel producers who use croplands and wood byproducts, we do not expect that the domestic biofuels feedstock producers or those from Canada will be required to engage in recordkeeping and reporting activities under this provision at this time. Therefore, we are providing estimates related to this provision for the above named biofuels feedstock producers. We expect this to result in added burden during the three year period covered by this ICR. Estimates for future recordkeeping and reporting will be provided when the recordkeeping and reporting is expected to occur. See Table VI: Biofuels Feedstock Producers.

Information Collection Burden by Type of Party

Table VI: Biofuels Feedstock Producers

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)
Third Party Disclosure							
Plantation/Private Forest Owners	1,000,000	1	1000000	0.25	\$29	250000	\$28,500,000
Domestic - Mapping of Plantation/Forest Land	1,000,000	1	1000000	0.25	\$29	250000	\$28,500,000
Foreign - Mapping of Plantation/Forest Land	30,192	1	30192	0.25	\$29	7548	\$860,472
Foreign Biofuel Feedstock Producers	30,192	1	30192	0.25	\$29	7548	\$860,472
Foreign Biofuels Feedstock Producer - Mapping of Plots	30,192	1	30192	1	\$114	30192	\$3,441,888
TOTALS	2090576		2090576			545288	\$62,162,832

Assumptions:

- 1) Estimates a population of 10,000,000 plantation and private forest owners. We have assumed 1 million owners or 10% to participate in RFS2.
- 2) Estimated 1,106,400 persons who claim farming as an occupation and possible producers of feedstock for producers of renewable fuel. We estimated the number of foreign biofuels feedstock producers to be 30,192 which is 3% of the total of domestic feedstock producers.
- 3) Foreign Biofuels Feedstock Producers (farmers) are required to provide information on the land used to provide feedstock to domestic fuel producers
- 4) Plantation/Forest private landowners (both foreign and domestic) are required to map land that produces biodiesel fuel from timber resources

b. Information Requested

A) Reporting: The individual reports required from regulated parties are described in the preamble of the Final Rule. The following reports are required by the Final Rule: Biofuels Feedstock Producers, required to provide information on the land used to provide feedstock to fuel producers (see Table VI); Quarterly Reports of Biofuels Party requires the submission of quarterly reports regarding generation and assignment of RINs (producers and importers only) (see Table VII); Annual Compliance Reports (obligated parties only) (see Table VIII); and Quarterly RIN Reports summarizing transactions and activity, and “real time” RIN transactional activity reporting within EMTS (see Table IX). Reporting items include registration of parties engaged in activities covered by the RFS2 regulation and reporting related to transactions involving RINs and associated volumes of fuel.

The exact reports filed will depend upon the activity engaged in by the party. A party must file reports appropriate for each activity it engages in – for example, if a party is *both* an exporter of renewable fuel *and* a producer of renewable fuel, then that party must file the reports applicable to both activities.

In the Final Rule, we establish that “real time” reporting within EMTS will be construed as within five (5) business days of a reportable event (e.g. generation and assignment of RINs, transfer of RINs). This means that some parties may elect to “batch” real time reports, similar to how businesses batch credit card transactions at the end of the day. We estimate that an average party would report daily, resulting in 365 instances of reporting in EMTS per year.

Quarterly reports are due as follows:

Quarterly Reporting Schedule for RFS2 Program

Quarter Covered by Quarterly Report	Due Date for Quarterly Report
January - March	May 31
April - June	August 31
July - September	November 30
October - December	February 28

Annual reports are due on February 28 for the preceding year.

For some reports, for example involving biofuel feedstock producers, the frequency of reporting is “on occasion” (i.e., when a transaction requiring disclosure occurs). As discussed above, for EMTS purposes, we have assumed one instance of reporting per day for each day of the year, or 365 instances of reporting).

Tables VI - IX estimate the recordkeeping and reporting burden by party. We will provide respondents the opportunity to engage in simplified, secure, electronic

Information Collection Burden by Type of Party

Table VII- Quarterly Reports of Biofuels Party (Producer and Importers)

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)
Quarterly Reports for Producers of Biofuels - Generation and Assignment of RINS	300	4	1200	1	\$114	1200	\$136,800
Quarterly Reports for Importers of Biofuels - Generation and assignment of RINS	20	4	80	1	\$114	80	\$9,120
TOTAL	320		1280			1280	\$145,920

Information Collection Burden by Type of Party

Table VIII - Annual Compliance Reports For Obligated Party

Collection Activity	Number of Respondents	Number of Responses	Total Number of Responses	Time per Response (hours)	Cost per Response (dollars)	Total Hours	Total Cost (dollars)
Obligated Party	150	1	150	1	\$114	150	\$17,100
TOTAL	150		150			150	\$17,100

Information Collection Burden by Type of Party

Table IX- Quarterly RIN Reports

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)
Third Party Disclosure							
Producers	500	365	182500	0.1	\$11	18250	\$2,080,500
Importers	75	365	27375	0.1	\$11	2737.5	\$312,075
Obligated Parties	150	365	54750	0.1	\$11	5475	\$624,150
Parties who Own RINS	950	365	346750	0.1	\$11	34675	\$3,952,950
Foreign Refiners	10	365	3650	0.1	\$11	365	\$41,610
TOTAL	1,685		615025			61502.5	\$7,011,285

NOTE - This table summarizes transactions and activity, and "real time" RIN transactional activity reporting within EMTS.

Assumes it takes 10 minutes to complete a report per day at \$17 per 10 minutes

reporting via the Agency's Central Data Exchange (CDX) and its exchange network protocol. An attachment explaining the exchange network protocol is provided with this supporting statement. Respondents must keep copies of all reports filed for five (5) years.

B) Recordkeeping: Respondents must retain underlying records related to reports they file for five (5) 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.

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

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.
- EPA will contact reporting parties if there is a problem with their submission.

b. Collection 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 Final Rule describes flexibility provisions available to small entities. 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 6 refiners that meet this definition and are registered in DCFUEL under the RFS2 program.

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. Reporting is as-needed, monthly, quarterly, and annual.

6. Estimating the Burden and Cost of Collection

a. Estimating the Respondent Universe

We drew upon experience with the RFS2 program 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 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 \$114 per hour, which will be used in this ICR. For purchased services related to attest engagements and some items of registration, we have doubled this hourly cost to \$228 in order to more accurately reflect the cost of a certified public accountant (CPA) or licensed professional engineer's (PE) services.

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 initial RFS2, the RFG and anti-dumping, 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 employee 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, 2014 and 2015. We anticipate \$267,000 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) =	\$ 185,000
One GS-7 clerical worker (full-time) =	88,000
One GS-15 manager (1/8 time) =	31,000
Annual CDX subscription fee =	200,000
Annual contract costs =	267,000
Testing and development=	200,000
TOTAL =	\$971,000

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

¹ These estimates are derived from "OPM Salary Table 2013-DCB," effective January 2013. This table may be found at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2013/general-schedule/washington-baltimore-northern-virginia-dc-md-va-wv-pa-annual-rates-by-grade-and-step/>. 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.

e. Bottom Line Burden Hours and Costs

From the tables, we estimate the following totals:

TOTAL NO. OF RESPONDENTS:	2,092,731
TOTAL NO. OF RESPONSES:	2,707,031
TOTAL BURDEN HOURS:	608,220
TOTAL COST TO RESPONDENTS:	\$ 69,337,137

There are no capital or O&M costs.

f. Reason for Change in Burden

At the onset of the RFS2 program, EMTS for RINs were not a feature of RFS1. For the new EMTS system, all parties who owned RINs were required to re-submit their application, disclose feedstock sources, prepare quarterly reports on RIN activity and submit annual compliance reports (obligated party only). Re-submittal provisions are no longer required which will cause a decrease in total responses for this ICR. This one-time re-submission was done to make suitable corrections, clarifications, and modifications in EMTS. EMTS users will not be burdened to submit more reports in this information collection, unlike the previous. The total responses for industry dropped from 4,525,625 to 2,092,731 a difference of 2,432,894, now that the final rule 75FR 26025 is no longer requiring re-submissions or quarterly reports for certain party members. To date, biofuels producers and importers are required to submit quarterly reports along with their third party disclosure on feedstock producers to EPA. All users of the EMTS system are required to submit quarterly RIN reports.

The number of respondents or users of the EMTS system has more than doubled from 1,059,326 to 2,092,731 an increase of 1,639,992, caused by the additional response burden for mapping foreign and domestic plantation/forest land owners and foreign biofuels feedstock producers which was not reflected in the previous ICR reporting period. With an increase of respondents, total burden hours have decreased from 1,421,133 to 608,220 hours, decreasing the cost to the industry from \$108,341,989 to \$69,337,137, a reduction of \$39,004,852. The reduction in the total cost for this renewal is due to the fact that the EMTS system's automation structure helps users to prepare reports instantly, lessening the amount of time and cost needed to respond, even with more than a million added users. This notable factor decreased both the industry burden hours and the total cost of this information collection request if renewed.

g. Burden Statement

The annual public reporting and recordkeeping burden for this collection of information is estimated to be less than one hour per response. 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.

You may use www.regulations.gov 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 EPA-HQ-OAR-2005-0161. 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 2060-0640 in any correspondence.