

EPA Proposes 2011 Renewable Fuel Standards

Introduction

Under the Clean Air Act Section 211(o), as amended by the Energy Independence and Security Act of 2007 (EISA), the Environmental Protection Agency (EPA) is required to set renewable fuel standards each November for the following year based on gasoline and diesel projections from the Energy Information Administration (EIA). EPA is also required to set the cellulosic biofuel standard each year based on the volume projected to be available during the following year, using EIA projections and assessments of production capability from industry. This regulatory action proposes these annual standards for cellulosic, biomass-based diesel, advanced biofuel, and total renewable fuels that apply to all gasoline and diesel produced or imported in year 2011. This notice also includes two proposed changes to the RFS2 regulations. The first would create a temporary and limited means for certain renewable fuel producers to generate delayed Renewable Identification Numbers (RINs) after they have produced and sold renewable fuel. This proposal would apply only to those producers who use canola oil, grain sorghum, pulpwood, or palm oil to produce renewable fuel. The second proposal would establish a petition process that foreign countries could use to establish an aggregate approach to compliance with the renewable biomass provision akin to that applicable to the U.S.

General Background

EPA is required to determine and publish the applicable annual percentage standards for each compliance year by November 30 of the previous year. Determining the applicable standards under RFS2 requires EPA to conduct an in-depth evaluation of the volume of qualifying cellulosic biofuel that can be made available in the following year. If the projected available volume of cellulosic biofuel is less than the required volume specified in the statute, EPA must lower the required volume used to set the annual cellulosic biofuel percentage standard to the projected available volume. EPA must also determine whether the advanced biofuel and/or total renewable fuel volumes should be reduced by the same or a lesser amount. The proposed rule provides EPA's evaluation of the projected production of cellulosic biofuel for 2011, and proposed percentage standards for compliance year 2011.

Proposed Percentage Standards for 2011

To calculate the percentage standard for cellulosic biofuel for 2011, we have used a potential volume range of 6.5 - 25.5 million ethanol-equivalent gallons (representing 5 - 17.1 million physical gallons). For the final rule, EPA intends to pick a single value from within this range to represent the projected available volume on which the 2011 percentage standard for cellulosic biofuel will be based. We are also proposing that the applicable volumes for biomass-based diesel, advanced biofuel, and total renewable fuel for 2011 will be those specified in the statute. These volumes are shown in Table 1.

Table 1
Proposed Volumes for 2011

	Actual Volume	Ethanol Equivalent Volume
Cellulosic biofuel	5 - 17.1 mill gal	6.5 - 25.5 mill gal
Biomass-based diesel	0.80 bill gal	1.20 bill gal
Advanced biofuel	1.35 bill gal	1.35 bill gal
Renewable fuel	13.95 bill gal	13.95 bill gal

Four separate standards are required under the RFS2 program, corresponding to the four separate volume requirements shown in Table 2. The percentage standards represent the ratio of renewable fuel volume to non-renewable gasoline and diesel volume. The proposed standards for 2011 are shown in Table 2.

Table 2
Proposed Percentage Standards for 2011

Cellulosic biofuel	0.004-0.015%
Biomass-based diesel	0.68%
Advanced biofuel	0.77%
Renewable fuel	7.95%

Delayed RIN Generation for New Pathways

EPA is proposing a new regulatory provision that would provide a means for certain renewable fuel producers to generate RINs after they have produced and sold renewable fuel. This proposed provision for "Delayed RINs" would apply only to those producers who use canola oil, grain sorghum, pulpwood, or palm oil to produce renewable fuel, only for renewable fuel produced in 2010, and only if EPA determines that fuel pathways using these feedstocks provide the required greenhouse gas reductions as compared to baseline fuels. The greenhouse gas (GHG) lifecycle impacts of these four feedstocks are currently being analyzed as a supplement to the RFS2 final rule and are expected to be completed in 2010.

Criteria and Process for Adoption of Aggregate Approach to Renewable Biomass for Foreign Countries

In the final RFS2 rulemaking, EPA indicated that there was not enough data at that time to determine if the aggregate compliance approach adopted for domestically-grown crops and crop residues would be appropriate for foreign-grown feedstocks. EPA is now proposing criteria for EPA to use to determine whether or not to allow renewable fuel producers using foreign-grown feedstocks to use an aggregate approach to compliance with the renewable biomass verification provisions. The proposal includes a number of considerations that EPA will use in evaluating petitions. The proposal also describes the process EPA would follow to make decisions on any petitions received.

Public Participation Opportunities

We welcome your comments on this proposed rule. Comments will be accepted for 30 days beginning when this proposal is published in the Federal Register. All comments should be identified by Docket ID No. EPA-HQ-OAR-2010-0133 and submitted by one of the following methods:

Internet: www.regulations.gov

E-mail: A-and-R-Docket@epa.gov

Mail:

Environmental Protection Agency
Air and Radiation Docket and Information Center (6102T)
1200 Pennsylvania Avenue NW
Washington, DC 20460

Hand Delivery:

EPA West Building
EPA Docket Center (Room 3340)
1301 Constitution Avenue NW
Washington, DC

We do not expect to hold a public hearing. However, if we receive such a request we will publish information related to the timing and location of the hearing and the timing of a new deadline for public comments.

For More Information

For more information on this proposal, please visit the RFS website at:

<http://www.epa.gov/otaq/fuels/renewablefuels>

To submit a question on the RFS program, and to view Frequently Asked Questions, please visit:

www.epa.gov/otaq/fuels/renewablefuels/compliancehelp/index.htm