



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
NATIONAL VEHICLE AND FUEL EMISSIONS LABORATORY
2565 PLYMOUTH ROAD
ANN ARBOR, MICHIGAN 48105-2498

OFFICE OF
AIR AND RADIATION

July 17, 2013

Mr. Darrin K. Baron
Valero Renewable Fuels Company, LLC
One Valero Way
San Antonio, Texas 78249-1616

Dear Mr. Baron:

You requested a determination of whether the ethanol produced by Valero Renewable Fuels Company, LLC-Welcome Plant ("Valero Welcome") beyond the facility's baseline volume would qualify as a renewable fuel and be eligible for generating RINs (D-code 6) under the Renewable Fuel Standard Program ("RFS"), based on its similarity to the pathway already approved for Absolute Energy, LLC. The U.S. Environmental Protection Agency approved the pathway for Absolute Energy, LLC ("Absolute Energy Process") on February 6, 2013 for the production of ethanol using corn starch as a feedstock, a dry mill process, natural gas for all process energy (to produce steam, dry up to 100% distillers grains, operate emissions control devices, etc.), grid electricity, and an efficient process that uses no more than 26,000 Btus of natural gas per gallon of ethanol produced and no more than 1,970 Btus of grid electricity per gallon of ethanol produced.¹

The critical parameters and lifecycle analysis conducted for the Absolute Energy Process are detailed in the Decision Document located at the following website:
<http://www.epa.gov/otaq/fuels/renewablefuels/documents/absolute-energy-determination-2-6-13.pdf>

In your petition, you submitted data and information for Valero Welcome's mass balance, energy balance, and production process. Based on our assessment of the data you provided, we have concluded that the Valero Welcome mass balance, energy balance, and production process meet the parameters of the approved Absolute Energy Process. Therefore, Valero Welcome is approved to utilize the Absolute Energy Process for the production of renewable fuel and to generate RINs for the fuel produced from this process, assuming all other requirements are met, including the conditions and associated regulatory provisions that apply to the Absolute Energy fuel pathway.

In the Decision Document for the Absolute Energy Process we outlined the conditions and associated regulatory provisions to which Absolute Energy, LLC is subject for any RINs

¹ For the purposes of the conditions outlined in this Decision letter, the mmbtus of natural gas are expressed on a Lower Heating Value (LHV) basis, whereas gallons of ethanol are expressed on an undenatured (neat) basis.

generated pursuant to the Absolute Energy Process. Valero Welcome is subject to the same conditions and associated regulatory provisions, which are as follows:

As part of the registration process, Valero Welcome must submit the estimated amount of natural gas consumption in mmBtu and the estimated amount of purchased grid electricity in mmBtu. Valero Welcome must also submit as part of the registration process a description of how the facility intends to demonstrate and document that for fuel produced pursuant to the Absolute Energy Process that: (1) no more than 26,000 Btu of natural gas was used per gallon of ethanol produced, calculated as an average across the sum of all gallons of ethanol produced in the batch plus all gallons in other batches for which RINs were generated pursuant to the Absolute Energy Process in the preceding 364 days; and (2) that no more than 1,970 Btu of purchased grid electricity was used per gallon of ethanol produced, calculated as an average across the sum of all gallons of ethanol produced in the batch plus all gallons in other batches for which RINs were generated pursuant to the Absolute Energy Process in the preceding 364 days. Valero Welcome is also subject to the general registration, recordkeeping and reporting provisions in 40 CFR subpart M that apply to renewable fuel producers. In addition, the authority for Valero Welcome to generate RINs pursuant to the Absolute Energy Process for any batch of fuel is expressly conditioned on Valero Welcome demonstrating through records available as of the date of RIN generation and maintained by the producer that the batch of ethanol used to generate the RINs meets the following requirements:

1. Corn starch was used as the only feedstock;
2. The ethanol was produced by a dry mill process;
3. No more than 26,000 Btu of natural gas per gallon of ethanol produced was used, calculated as an average across the sum of all gallons of ethanol produced in the batch plus all gallons in other batches for which RINs were generated pursuant to the Absolute Energy Process in the preceding 364 days;
4. No more than 1,970 Btu of purchased grid electricity per gallon of ethanol produced was used, calculated as an average across the sum of all gallons of ethanol produced in the batch plus all gallons in other batches for which RINs were generated pursuant to the Absolute Energy Process in the preceding 364 days.

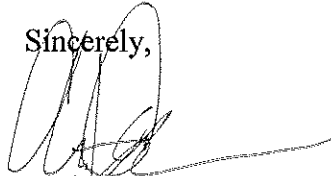
If Valero Welcome fails to comply with this demonstration requirement, or fails to meet the elements of the approved Absolute Energy Process for any batch of fuel for which it generates RINs pursuant to this pathway, all RINs generated for the affected batches shall be considered improperly generated under 40 CFR 80.1431(a). The above "Conditions and Associated Regulatory Provisions" apply only to ethanol produced using the Absolute Energy Process by Valero Welcome and does not apply to fuel produced by Valero Welcome under any other approved production process. The EPA may modify the associated conditions and regulatory provisions specified above, as necessary, to make them align with any future changes to the reporting requirements for renewable fuel producers in the RFS regulations. If the EPA makes any changes to the associated conditions and regulatory provisions for Valero Welcome, the Agency will explain such changes in a public determination letter, similar to this one.

This approval applies specifically to Valero Renewable Fuels Company, LLC-Welcome Plant, and to the process, materials used, fuel produced, and process energy sources as outlined and

described in the petition request submitted by Valero Welcome. This approval is effective as of the date of signature of this letter. The OTAQ Reg: Fuels Programs Registration and OTAQEMTS: OTAQ EMTS Application will be modified to allow Valero Welcome to register and generate RINs for the production of ethanol from corn feedstock using a production process of "Absolute Energy Process."

If you have additional questions about this or related issues, please contact Venu Ghanta of my staff at 202-564-1374.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Grundler', with a long horizontal flourish extending to the right.

Christopher Grundler, Director
Office of Transportation and Air Quality