



Nat'l Biodiesel Board
3337A Emerald Ln.
P O Box 104898
Jefferson City, MO
65110-4898
(573) 635-3893 *phone*
(800) 841-5849
(573) 635-7913 *fax*
www.biodiesel.org

What's a RIN, and What do I do With It?

In 2005 Congress passed legislation focusing on America's energy needs and enhancing our energy security. A significant piece of that legislation was the Renewable Fuel Standard (RFS). The intent of the RFS is to increase our nation's use of renewable fuels, with biodiesel being a part of this program. The Environmental Protection Agency (EPA) has finalized regulations implementing the RFS program. As a part of that, biofuel producers, distributors, and others have new compliance challenges to tackle, which started September 1.

The National Biodiesel Board recognizes the importance of getting information out to industry on these new compliance requirements and is continuing to work with EPA and industry participants in this regard. In doing so, we have conducted a three-hour webinar/Q&A session with EPA staff tailored to the biodiesel industry; developed fact sheets on these new compliance requirements; and have posted information on NBB's Web site with background on the RFS program and links to EPA's RFS Web site.

Of these requirements, the Renewable Identification Number (RIN) is central to the RFS program's administration. A RIN may look, at first glance, like a wicked advanced algebra problem. In reality, it is the basic currency for the RFS program for credits, trading, and use by obligated parties and renewable fuel exporters to demonstrate compliance, as well as track the volumes of renewable fuels.

A RIN is a 38-character numeric code that is generated by the producer or importer of renewable fuel representing gallons of renewable fuel produced/imported and assigned to batches of renewable fuel that are transferred (change of ownership) to others. RINs are valid for the calendar-generated, or the following year.

A RIN code represents several pieces of information including:

- (K) = Whether or not a RIN is assigned to a batch of fuel (1=assigned/2=unassigned)
- (YYYY) = Year the batch is produced/imported
- (CCCC) = Producing/importing company registration information
- (FFFFF) = Production facility registration information
- (BBBBB) = Producer assigned batch number
- (RR) = Equivalence Value for the renewable fuel (biodiesel is 1.5 = "15")
- (D) = Renewable type code (1=cellulosic ethanol/2=non cellulosic ethanol fuel)
- (SSSSSSS) = RIN block starting number
- (EEEEEEEE) = RIN block ending number

Example:

Producer X decides that each batch will represent one day's worth of production. Producer X also decides all 2007 batches will be numbered sequentially starting on September 1. Producer X registers its company and production facility with the EPA (Company ID (CCCC) number is 1234; Facility ID (FFFFF) is 56789).

Producer X makes one 1,000 gallon tank of biodiesel September 1 in the morning:

- Gallon RINs go from SSSSSSSS = 00000001
to EEEEEEEE = 00001500

Producer X makes another 1,000 gallon tank of biodiesel September 1 in the afternoon:

- Gallon RINs go from SSSSSSSS = 00001501
to EEEEEEEE = 00003000

Producer X delivers all 2,000 gallons of biodiesel to Customer A; Producer X can summarize all gallon-RINs on one batch RIN:

12007123456789000011520000000100003000.



1 2007 1234 56789 00001 15 2 00000001 00003000
K YYYY CCCF FFFFF BBBB RR D SSSSSSS EEEEEEE

Biodiesel producers will be required to transfer all RINs attached to a batch of biodiesel along with the fuel. Assigned RINs are transferred when ownership of a batch of fuel occurs. RINs are not transferred if the fuel only changes custody.

The mechanism used to demonstrate the transfer of RINs will be the Product Transfer Document (PTD). PTDs are required when ownership of a renewable fuel is transferred to another party. They may be in any form of documentation such as an invoice that demonstrates transfer of ownership of the renewable fuel. Bills of Lading normally would not be a PTD unless it transfers ownership as well as custody of the fuel.

PTDs must include:

1. Name and address of transferor and transferee
2. Transferor's and transferee's EPA company registration numbers
3. Volume of renewable fuel being transferred
4. Date of transfer
5. Transfer of ownership of RINs assigned to the fuel must also be documented

Ensuring the objectives of the RFS are met involves a detailed regulatory process. The examples given here are merely illustrative of the concepts surrounding RINs.

Biodiesel producers and distributors play an integral role and have many compliance requirements to complete. Industry participants are strongly encouraged to read and fully understand the regulations and requirements of implementing the RFS. NBB has posted additional information on its Members Only section and is working with EPA to answer questions that may arise. EPA has additionally posted information on the RFS regulations, fact sheets, and other information related to compliance with the RFS program on their Web site: <http://www.epa.gov/otaq/renewablefuels/index.htm>.

Like advanced algebra, working through the RIN equation might be daunting at first. But with time, patience, and the resources available to you, this equation can be solved. The NBB will work to keep you apprised as we all make this important adjustment together.

Sincerely,

Scott Hughes
Director of Regulatory Affairs