

Focus on Fuels

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The Tier 3 regulations published in the Federal Register on April 28, 2014, are effective June 27, 2014. The 10 ppm annual average sulfur standard will be applicable to most refiners and all importers and blenders in 2017. Below are the Tier 3 regulation changes which will be applicable in 2014. Most of these changes are rather small and are simply additions of reporting options or minor tweaks.

Tier 3 Regulations are "In Effect"

by Beth Hilbourn

Starting in 2014, there will be minor changes to the reformulated gasoline and anti-dumping batch reports. API Gravity, RVP and oxygenate content of gasoline will either not need to be reported or only reported under certain conditions. **API gravity** is no longer required to be measured or reported for reformulated gasoline or conventional gasoline. **Oxygenate** content need not be reported for conventional gasoline unless the refiner's gasoline includes oxygenates added at the refinery or the refiner is including oxygenate added downstream in its compliance calculations. **RVP** only needs to be determined for RFG or RBOB in the VOC control season. Beginning in 2014, test methods must be reported along with the test parameters on the batch reports. Also, the test method must be reported for benzene on the annual average benzene report. One can also designate an alternate independent laboratory in 2014.

The regulations include new provisions for pentane blending. This is not the same as natural gasoline blending; the regulations are for blending a straight C5 component. The pentane blending regulations are similar to the current regulations on butane blending, but appear to be slightly stricter than the butane

TM&C Services in Fuel
Regulations

TM&C provides a full range of services in its fuels regulatory practice. Some of these services are listed below.

- Preparing, reviewing and submitting fuels reports, including CDX submissions.
- Facility audits for compliance with fuels programs.
- Interaction with EPA to pose fuels related questions.
- Industry specialist assistance for required gasoline attestations.
- Industry specialist assistance for in-line blending audits.
- Assistance in setting up a fuels compliance group/program.
- Personnel reviews of compliance related groups.
- Compliance status reviews and recommendations.
- Negotiations/consultation during EPA enforcement actions.
- 3rd Party Engineering reviews.
- Due diligence reviews of facilities and companies in RFS RINs Program.

blending regulations. Pentane producer registration and product transfer documentation are required in order to qualify for special treatment for pentane blending.

There is a new option for transmix processors to comply with the downstream sulfur standard of 95 ppm. Under the new regulations, transmix processors that produce gasoline by adding blendstock to TGP must, for such blendstock, meet the annual average requirement of 10.00 ppm and cap of 80 ppm, while meeting the downstream sulfur standard of 95 ppm for the entire blend. However, any transmix processor who produces gasoline by blending blendstock into TGP can now meet this downstream standard by one of two options. As before, they can measure the volume and sulfur of the TGP before and after the addition of the blendstock. Or with the new option, the transmix processor can rely on blendstock supplier representation if they conduct quality assurance testing. Don't forget that other regulations still need to be followed such as the annual average benzene standard and the 30/10 ppm annual average sulfur standard. This option may be useful for those transmix processors making small blends such as by the truckload. Then the blendstock receipts can be analyzed for sulfur and benzene and every single truck does not need to be sampled and analyzed for meeting the 95 ppm downstream standard.

The benzene regulations have been modified to allow blendstock testing in lieu of the prior provision of testing the PCG before blending and the blended material after blending. Prior to June 27, 2014, the blendstock benzene could only be determined from the difference between the before and after test results.

Deadlines for RFG and Antidumping reporting are: first quarter: June 1, second quarter: September 1, third quarter: December 1, and fourth quarter and annual: March 31 of the following year. These are one day later than the original deadlines, other than the fourth quarter which is pushed back a full month. Also, the reporting deadline for section 79 will now coincide with section 80 reporting.

The annual average sulfur content must be less than 10.00 ppm beginning in 2017 for most refiners and by 2020 for all refiners. As a result, the calculation for sulfur credits changes as the sulfur standard decreases. However, the sulfur target for 2014 is still 30 ppm. Therefore, although section 80.1615 is applicable for 2014 when calculating sulfur credits, the calculation method is the same as the prior method under section 80.310. See our previous Focus on Fuels article for a discussion of the sulfur credit calculation.

The attestation requirements of §80.1667 apply if you generate sulfur credits in 2014 or later; however, there is really nothing different in these Tier 3 attestation steps versus the Tier 2 attestation requirements of §80.415. The attester still reviews the EPA reports, the credit generation, purchases and sales, expiration, and reconciliation. The attester still agrees the credits remaining or the credit deficit and if the refinery or importer had a credit deficit for both the previous year and the year being reviewed.

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