

Focus on Fuels

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Now that the Tier 3 vehicle and gasoline sulfur regulations have been finalized, Turner, Mason & Company has started to decipher the regulations. There is good news and bad news.



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Good News and Bad News to the New Tier 3 Regulations

by Charlie Miller

On the broadest scale, the bad news for the new Tier 3 limit that begins in 2017 is that most refiners must average 10.00 ppm sulfur on an annual average basis. The good news is that the sulfur cap has not changed; it is still 80 ppm.

On the particular subject of sulfur credits, the good news is that the EPA has made the transition using credits a bit easier on a broader scale. The bad news is that the EPA has disguised this fact in their regulatory language. So let's take a closer look at the regulations.

TM&C Services in Fuel Regulations

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

In general, credits generated under both the Tier 2 and Tier 3 sulfur programs can be used for compliance for the year of creation if transferred to another facility. The credits can also be used for five years subsequent to the year of creation if used by the generating facility or transferred to another facility. However, there is a credit

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.

limitation for the Tier 3 sulfur program. Below is the usable life of sulfur credits.

Credit Generation Year	Expires After Compliance Year	Tier 2	Tier 3
2012	2017	X	X
2013	2018	X	X
2014	2019	X	X
2015	2019	X	X
2016	2019	X	X
2017 (except for small refiners)	2022		X

Approved small refiners and small-volume refiners can continue to meet the Tier 2 annual average sulfur standard of 30.00 ppm through the 2019 compliance year. If they average less than 30.00 ppm, but more than 10.00 ppm during their waiver period, they can generate sulfur credits that can be used to meet the Tier 2 requirements. If they average less than 10 ppm, they can generate sulfur credits for both the Tier 2 and Tier 3 sulfur requirements. The 20 ppm difference between 30 and 10 ppm will generate Tier 2 sulfur credits and the sulfur level less than 10 ppm will generate Tier 3 sulfur credits.

Credits may not be generated by:

- Transmix processors;
- Producers or blenders of ethanol and other oxygenates;
- Butane blenders using the flexibilities in §80.82; or
- Pentane blenders using the flexibilities in §80.85.

Now that you know how credits can be used, happy desulfurizing!

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