FREQUENTLY ASKED QUESTIONS:
RENEWABLE VOLUME OBLIGATION (RVO)

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WHAT ARE RENEWABLE VOLUME OBLIGATIONS (RVOS)?

Under the Renewable Fuel Standard (RFS) program, the Environmental Protection Agency (EPA) sets annual renewable fuel blending requirements – or RVOs – that obligated parties, which include oil refiners and fuel importers, must meet. These RVOs, expressed as a percentage, determine how many gallons of cleaner-burning, renewable biofuel should be blended into each year's fuel supply.

WHEN ARE THE RVOS TYPICALLY SET AND FINALIZED?

Under the Clean Air Act, EPA is required to issue final annual RVOs for total, advanced, and cellulosic renewable fuel categories by no later than November 30th of the prior year. (Annual RVOs for biobased diesel must be issued by no later than November 30th of the year before that). After EPA issues an RVO proposal, they then accept public comment for at least 45 days before issuing a final rulemaking.

WHAT IS THE ANNUAL STATUTORY VOLUME OF REQUIRED CONVENTIONAL ETHANOL BLENDING AS SET BY CONGRESS?

The annual statutory volume for conventional (corn) ethanol is set by subtracting the statutory advanced renewable volume from the total renewable fuel volume. Since 2015, the statute requires a minimum of 15 billion gallons per year extending through 2022.

HOW IS THE STATUTORY VOLUME USED IN ESTABLISHING RVOS FOR OBLIGATED PARTIES?

EPA starts with the projected volumes of total transportation fuel and renewable fuel projected to be sold in the U.S., as reported by the Energy Information Administration (EIA). After applying any relevant waivers of statutory volumes (such as cellulosic) and any other reductions, EPA then calculates the RVO percentage standard, which is the same for all obligated parties. The obligated parties are required to meet the annual RVO percentage standard.

HOW DO OBLIGATED PARTIES COMPLY WITH THE RFS?

Obligated parties comply with the percentage standard through blending renewable fuel. These blended renewable fuel gallons generate a Renewable Identification Number or "RIN". A RIN is essentially a ticket or identification number that is tied to each gallon of biofuel produced and then blended into the fuel supply. Once the RIN is generated by an obligated party, it can be submitted to the EPA to demonstrate that they've met their blending requirements or sold to other obligated parties.

Learn more about RIN generation at **GrowthEnergy.org/RINS-101**.

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IS EPA ALLOWED TO RETROACTIVELY GRANT WAIVERS FOR 2020 OR OTHERWISE REVISE THE 2020 RVO ONCE IT'S ALREADY BEEN FINALIZED? HAS THIS BEEN DONE BEFORE?

This has never been done before in the history of the RFS. Nothing in the RFS statute authorizes the EPA to grant retroactive waivers regardless of the basis.

Illegal retroactive waivers would have severe economic and environmental consequences by incentivizing non-compliance with clean energy regulations and upending markets that guide the decisions of farmers, producers, blenders, retailers, and responsible refiners.

This is unprecedented and entirely unnecessary. The RVOs are expressed as a percentage standard, not a volumetric standard, and it's this percentage standard that obligated parties must meet. In other words, the RVO percentage standard is a built-in mechanism that accounts for any changes in fuel demand that differ from original projections. If fuel demand is lower, and as a result an obligated party produces less, then its blending obligation decreases commensurately.

In 2020, when COVID prompted a significant decline in fuel demand, the percentage standard decreased the conventional blending requirement also decreased. The RVOs adjusted with COVID as they do with any marketplace changes; there is no need for any further adjustment.

WHAT WOULD RETROACTIVELY LOWERING 2020 RVOS MEAN FOR OBLIGATED PARTIES' COMPLIANCE?

What this would do is provide a handout to some oil refiners who gambled by delaying compliance in hopes that EPA would bail them out for not meeting their obligations in a timely manner.

WHAT IS THE DIFFERENCE BETWEEN A WAIVER AND A SMALL REFINERY EXEMPTION?

A waiver lowers the RVO for every single obligated party because it applies to the statutory volumes that are used to set RVO percentage standards across the board. There are different types of waivers that apply to the different renewable fuel categories governed by the RFS. For example, a "general" waiver applies to the total renewable fuel obligation, but it may be used by EPA only upon a showing of severe economic or environmental harm to the entire economy of a state, region, or the entire United States or else inadequate domestic supply. These waivers set a very high bar.

A small refinery exemption or "SRE", on the other hand, may be granted only to individual refineries, and then only to refineries whose production throughput is less than 75,000 barrels a day. Small refineries must show that compliance with the RFS itself would cause them disproportionate economic hardship, which is a high standard to meet.

Waivers cannot, under the RFS, be used to provide targeted, specific relief to any individual refiners. Efforts by the oil industry and obligated parties to attempt to twist EPA's waiver authority to grant such relief should be rejected.

Any eligibility for a waiver or SRE must, at a minimum, be tied to a showing of harm or hardship solely from compliance with the RFS, and not with other factors — such as unwillingness to blend more renewable fuel.

WHAT IS THE EFFECT OF A DELAYED RVO?

Failure to set the RVO undermines the RFS by failing to establish prospective, market-forcing blending obligations, and it could lead to uncertainty in the market and lower than necessary biofuel blending levels.