

# Oregon Clean Fuels Program

## Q4 2016 Reporting Guidance

### Reporting the Export of Finished Fuels

Currently, the Department of Environmental Quality is observing a number of entities report exports of blended gasoline and diesel under the ORGAS002 and ORULSD002 pathways, which represent E10 and B5. Both of those pathways were intended for use when reporting imports where the biofuel blendstock was unknown by the importer, and assumed relatively high carbon intensities for the biofuel portion of those gallons. By using ORGAS002 and ORULSD002 when exporting blended gasoline and diesel, there can be an incentive to blend in-state in order to generate credits and then export the finished product with a higher carbon intensity.

Beginning with reporting for the fourth quarter of 2016, DEQ will require that exports of blended gasoline and diesel be reported based on the individual blendstocks they were blended with. So an export of finished E10 gasoline that was blended in Oregon must be reported as an export of 90 percent of the volume of ORGAS001, the clear gasoline pathway, and then the remaining 10 percent must be exported through the pathway code of the ethanol blendstock being used for the exported gallons as E10. Likewise, an export of finished B5 diesel that was blended in Oregon must be reported as an export of 95 percent of that volume of ORULSD001, the clear diesel pathway, and then the remaining 5 percent must be reported through the pathway code of the biodiesel blendstock being used for the exported gallons of B5.

Exports using the ORGAS002 and ORULSD002 pathways will still be allowed when the fuel was imported into the state as a finished fuel under the same pathway codes.

For entities that commingle biofuels with different fuel pathway codes in a single tank prior to blending, it is acceptable to use mass-balancing for those commingled biofuels when deciding which of the biofuels will be reported as part of an export blend. For mass-balancing purposes, the ethanols or biodiesels being exported must have been imported and reported from the same quarter or prior quarter.

### Reporting Sales Without Obligation Below the Rack

DEQ has received many questions from regulated parties as to why the regulations require that they report sales without obligation below the rack. Initially, the intent was to have a complete accounting of all fuels transacted (imports, exports, purchases and sales with and without obligation). However, after working with the regulated parties for a couple of quarters now, DEQ will propose a change to this issue in its forthcoming rulemaking and is issuing the following guidance for reports beginning in the fourth quarter of 2016:

For sales of finished fuels (E10 and B5) without obligation to retail stations and end users below the rack, transactions:

- 1) Can be reported in a single aggregate transaction as a Sale Without Obligation, or
- 2) Do not need to be reported.

Product transfer documentation for those sales must be kept and made available in the event of a records request from DEQ under OAR 340-253-0600. Those product transfer documents still must include the statement that the fuel is being transferred without obligation under the Clean Fuels Program. Below the rack sales of blendstocks and 'to exempt' uses must still be reported.



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Quality

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DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.

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