

## **RFS EDUCATIONAL SERIES BRIEFING NO. 6: HOW DO RINS BECOME SEPARATED FROM FUEL?**

*by Clayton McMartin*

When renewable fuel is produced a RIN is assigned to each gallon. According to the regulations, these assigned RINs can only be transferred along with renewable fuel. The RINs cannot move independent of renewable fuel until such time that the associated fuel is blended into finished petroleum products or purchased by an obligated party, such as a refiner. An assigned RIN can be identified by the first number in the RIN which will be the numeral 1. An example of an assigned RIN is:

**12009480270076000011020003994400048031** (K code = 1)

In principal, as the renewable fuel is placed into the retail market, along with petroleum products, the RIN then becomes separated from the fuel. In practice the rules read that obligated parties, such as refiners and importers of gasoline, and those who blend renewable fuel with finished gasoline, such as splash blenders and oxygenate blenders, are required to separate the RIN from the fuel. A separated RIN is easily identified by the first numeral being a 2. An example of a separated RIN is:

**22008480270076000011020003994400048031** (K code =2)

At this point in the RIN's life it becomes a renewable fuel credit, no longer associated with the physical product. In essence the RIN is now a paper credit that can be traded between and among parties that are registered with EPA to participate in the RFS program. A separated RIN trades from one party to the next and independent of renewable fuel.

Ultimately the separated RIN will be used by an obligated party such as a refiner or importer of gasoline<sup>(1)</sup> into the United States. These obligated parties demonstrate compliance through the submission of RINs to EPA at the end of each compliance year to meet their obligation under the renewable fuel standard – a subject we will take up in our next briefing.

(1)Future View: The advanced standard, RFS2, has been expanded to encompass both gasoline and diesel fuels, refined or imported. The effect of this legislative change will be the inclusion of several more parties who today are not obligated under RFS1.

Clayton McMartin is the President of the Clean Fuels Clearinghouse and the founder of the RINSTAR® renewable fuel registry. Hundreds of companies process renewable fuel and RINs on RINSTAR® each day. More information about the company is available at [www.CFCH.com](http://www.CFCH.com) or by calling (575) 377-3369.