

RFS EDUCATIONAL SERIES BRIEFING NO. 8: WHAT IS THE LIFETIME OF A RIN?

by Clayton McMartin

A RIN is generated whenever renewable fuel is produced or imported into the United States, as we discussed in Briefing No. 3 in this Educational Series. Established within the RIN is a vintage year at the time that it is generated. The vintage year is embedded in the RIN number at the time it is produced and can be found in digits two through five. As an example consider the following RIN number:

22008480270076000011020003994400048031

In this example the RIN has a vintage year of 2008.

According to the regulations a RIN can be used to demonstrate compliance in the year in which it was generated or the year that follows its year of generation. In the case of our example, this 2008 vintage year RIN could be applied to an obligated party's 2008 obligation or to their 2009 compliance year obligation.

Although a RIN having a vintage year of one year earlier than the current compliance year can be used to demonstrate compliance, there remains a volumetric limitation. This limitation is addressed in Section 80.1127 of the RFS regulations and states that RINs submitted from the prior year vintage cannot exceed 20 percent of the total RIN submission for the current compliance year.

Another important factor to keep in mind is that a 2008 RIN could actually trade up until the last day of February 2010 – two years and two months after its earliest possible generation. The reason for this is the fact that compliance year 2009 reports are not due into EPA until the last day of February and therefore EPA permits the trading of the prior compliance year RINs up until the deadline. In our example, the 2008 RIN would then be automatically expired on March 1, 2010 if it was not already applied to a party's obligation. More about this later.

The qualification of RINs based on vintage year is an important consideration and should be well understood by anyone electing to trade in this market or otherwise a regulated party under the RFS program.

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 or by calling (575) 377-3369.