

September 10, 2004 (10:41AM)

Supporting Statement  
for  
Information Collection Request

**Recordkeeping and Reporting Requirements for the Fuel Quality  
Regulations for Diesel Fuel Sold in 2001 and Later Years; for  
Tax-exempt (Dyed) Highway Diesel Fuel; and for Nonroad Locomotive  
and Marine Diesel Fuel**

EPA ICR 1718.06

Transportation and Regional Programs Division  
Office of Transportation and Air Quality  
U.S. Environmental Protection Agency

**1. IDENTIFICATION OF THE INFORMATION COLLECTION**

**1(a) Title Of The Information Collection**

ICR: Recordkeeping and Reporting Requirements for the Fuel Quality Regulations for Diesel Fuel Sold in 2001 and Later Years; for Tax-Exempt (Dyed) Diesel Fuel; and for Nonroad, Locomotive, and Marine Diesel Fuel.

OMB Control Number: 2060-0308

**1(b) Short Characterization/Abstract**

Fuel Quality Regulations for Diesel Fuel Sold in 2001 and Later Years (covered by Current EPA ICR No. 1718.04, expiring 9/30/04).

The pollution emitted by diesel engines contributes greatly to our nation's continuing air quality problems. On January 18, 2001, EPA published a final rule that would establish standards for heavy-duty engines and vehicles and for highway diesel sulfur control. New emissions standards for these engines and vehicles will apply starting with model year 2007. Since the new technology developed will require low sulfur diesel fuel (15 ppm sulfur or less), the regulations require the availability of this fuel starting by no later than 2006, with all highway diesel fuel required to meet the 15 ppm standard by 2010. See "Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards and Highway Diesel Fuel Sulfur Control Requirements," 66 FR 5002 (January 18, 2001).

The diesel sulfur rule contains many types of flexibility aimed at reducing burdens on small businesses and those faced with particular hardships. In order to take advantage of these provisions, refiners had to have applied by December 31, 2001. For more information, please refer to the Supporting Statement for Recordkeeping and Reporting Requirements for the Fuel Quality Regulations for Diesel Fuel Sold in 2001 and Later Years, EPA ICR Number 1718.04, expiring September 1, 2004.

For example, exemptions are possible for research and development purposes and may be applied for at any time. The specific recordkeeping and reporting requirements for this program, and associated flexibilities, are discussed below. In addition, in the event of an unexpected disaster such as fire or

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flood, a refiner may request temporary relief from complying with regulatory provisions. As with research and development exemptions, such temporary relief may be requested at any time.

The information under this ICR will be collected by EPA's Transportation and Regional Programs Division, Office of Transportation and Air Quality, Office of Air and Radiation (OAR), and by EPA's Air Enforcement Division, Office of Regulatory Enforcement, Office of Enforcement and Compliance Assurance (OECA). The information collected will be used by EPA to evaluate compliance with diesel sulfur control requirements under the diesel rule. This oversight by EPA is necessary to ensure attainment of the air quality goals of the diesel program.

The diesel sulfur regulations include provisions for generation of credits, which are discussed in greater detail below. Credits have their own recordkeeping and reporting associated with them, to ensure legitimacy of the credit program and to protect environmental benefit.

The scope of the recordkeeping and reporting requirements for each type of party (e.g., refiners, marketers, or retailers of diesel), and therefore the cost to that party, reflects the party's opportunity to create, control or alter the sulfur content of diesel fuel. As a result, refiners and importers will generally have more requirements than parties downstream from the diesel production or import point, such as retailers. EPA has made every effort to minimize recordkeeping and reporting burdens and to ensure that parties do not have to submit duplicate information. For example, a refiner or importer who has already registered under the reformulated gasoline and anti-dumping program (ICR number 1591.13, OMB control number 2060-0277) is not required to resubmit the same information for purposes of this program.

Approximately 125 diesel refineries, 75 import facilities, and 1,350 terminals are affected by the recordkeeping and reporting requirements. In addition, approximately five (5) foreign refiners are assumed.

Dyeing of Tax-Exempt Diesel Fuel (covered by current EPA ICR No. 1718.03, expiring 9/30/04).

In section 211(g) and 211(i) of the Clean Air Act (Act),

Congress mandated that diesel fuel used in motor vehicles ("highway diesel fuel") must meet certain quality standards, including a limitation on sulfur content. The Act required EPA to promulgate and enforce a rule to implement the statutory requirements. The Act specifically provides that EPA may require that high sulfur diesel fuel ("off-road diesel fuel") be dyed to aid in keeping the fuels segregated. The dye allows parties in the fuel distribution chain and the EPA to readily detect whether fuel is high sulfur diesel or low sulfur diesel. Because of an Internal Revenue Service (IRS) requirement that certain tax-exempt low sulfur diesel fuel also be dyed (see further explanation in 2(a) below), EPA, in its rule, required parties who transfer dyed low sulfur highway diesel fuel to include a notice on the customary business transfer document that states the product is tax-exempt fuel that meets EPA highway diesel fuel standards. This allows EPA and parties in the distribution chain to make use of the EPA dye requirement despite the IRS requirement that would otherwise make the presence of dye ambiguous in meaning for EPA purposes. Approximately 2,000 facilities, generally diesel fuel terminals, dye tax-exempt low sulfur diesel fuel and have it distributed via approximately 8,000 truck carriers to approximately 10,000 wholesale purchaser-consumer end users. It is estimated that each facility dyes about 200 batches of highway diesel fuel annually.

Nonroad, Locomotive, and Marine Diesel Fuel. (Originally proposed under EPA ICR No. 1718.07 and included in this renewal in response to OMB comments.)

Nonroad diesel engines are the largest remaining contributor to the overall mobile source emissions inventory. We have already taken steps to dramatically reduce emissions from light-duty vehicles and engines through the Tier 2 and 2007 highway diesel programs. With expected growth in the nonroad sector, the relative emissions contribution is projected to be even larger in later years. This final rule sets out emissions standards for nonroad engines used in construction, farming, and mining operation that will achieve over 90% reduction in emissions levels from today's engines. Additionally, sulfur levels in nonroad diesel fuel will be reduced, including diesel fuel used in locomotive and marine applications, first to 500 parts per million (ppm) and then further to 15 ppm. Taken together, controls included in this final rule would result in large public health and welfare benefits. As was the case with the Tier 2 and 2007 highway diesel programs, this program will treat vehicles and fuels as a system, combining requirements for much cleaner

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vehicles with requirements for much lower levels of sulfur in diesel fuel.

This nonroad diesel final rule sets out new engine exhaust emissions standards, sulfur control requirements for nonroad diesel fuel, and new engine emissions test procedures.

The pollution emitted by diesel engines contributes greatly to our nation's continuing air quality problems. EPA is introducing a rule that would establish standards for the quality of nonroad, locomotive and marine diesel fuel. These fuel standards by themselves will provide dramatic, cost effective emission benefits. However, in addition, new emissions standards for nonroad engines will apply starting with model year 2008. Since the new technology developed will require low sulfur diesel fuel (15 ppm sulfur or less), the regulations require the availability of this fuel starting by no later than June 1, 2010. The overall reduction, however, is accomplished in two steps, with the first step to 500 ppm sulfur occurring on June 1, 2007

The diesel sulfur rule contains many types of flexibility aimed at reducing burdens on small businesses and those faced with particular hardships. The fuel program design will be implemented stepwise for the years 2007, 2010 and 2014 and beyond. By 2014, however, these flexibilities will end, and all NRLM diesel fuel produced must meet the final 15 ppm standard. The only exception is downgrade produced in the distribution system, which can continue to be sold into the locomotive and marine markets, if it meets the 500 ppm sulfur cap.

This Information Collection Request (ICR) would specifically address the requirements to ensure compliance and make ICR additions to the existing fuels regulations applicable to nonroad, locomotive and marine diesel fuel. The additional requirements covered under this ICR are included in the final rule.

The information under this ICR will be collected by EPA's Transportation and Regional Programs Division, Office of Transportation and Air Quality, Office of Air and Radiation (OAR), and by EPA's Air Enforcement Division, Office of Regulatory Enforcement, Office of Enforcement and Compliance Assurance (OECA). The information collected will be used by EPA to evaluate compliance with nonroad, locomotive, and marine diesel sulfur control requirements under the final rule. This oversight by EPA is necessary to ensure attainment of the air

quality goals of the program.

The scope of the recordkeeping and reporting requirements for each type of party (e.g., refiners, distributors, marketers, or retailers of diesel), and therefore the cost to that party, reflects the party's opportunity to create, control or alter the sulfur content of diesel fuel. As a result, refiners and importers will generally have more requirements than parties downstream from the diesel production or import point, such as retailers. EPA has made every effort to minimize recordkeeping and reporting burdens and to ensure that parties do not have to submit duplicate information. For example, a refiner or importer who has already registered under the reformulated gasoline and anti-dumping program (ICR number 1591.13, OMB control number 2060-0277) is not required to resubmit the same information for purposes of this program.

#### Burden Estimate

It is estimated that there will be 444,110 reports, 312,233 burden hours, and total annual costs (labor, overhead and maintenance, and purchased services) of \$28,795,145. This figure includes any initial burden associated with learning and adapting to the new requirements. This ICR combines existing recordkeeping and reporting requirements from two related ICRs, 1718.03 and 1718.04, as described above. Both of these ICRs expire on September 30, 2004. In addition, the estimate includes burdens applicable under the Nonroad, Locomotive, and Marine Diesel program through 2007.<sup>1</sup>

Copies of the "previous" supporting statements for these ICRs have been placed in the docket. The table in section 6 below ("Estimating the Burden and Cost of the Collection") explains individual respondents and reports in greater detail.

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<sup>1</sup> Table IV indicates the burdens associated with recordkeeping and reporting in 2010 and beyond. These are provided for reference and comment. Since they would not yet apply during the period covered by this renewal, they are not included in the total burden estimates in 1(b) and 6(a) and (b) of this Supporting Statement.

## 2. NEED FOR AND USE OF THE COLLECTION

### 2(a) Need/Authority For The Collection

#### Fuel Quality Regulations for Diesel Fuel Sold in 2001 and Later Years

EPA issued a final rule establishing a comprehensive national control program that will regulate the heavy-duty vehicle and its fuel as a single system. As part of this program, new emissions standards will begin to take effect in model year 2007, and will apply to heavy-duty highway engines and vehicles. These standards are based on the use of high-efficiency catalytic exhaust emission control devices or comparably effective advanced technologies. Because these devices are damaged by sulfur, we are also reducing the level of sulfur in highway diesel fuel significantly by mid-2006. The program provides substantial flexibility for refiners, especially small refiners, and for manufacturers of engines and vehicles. These options will ensure that there is widespread availability and supply of the low sulfur diesel fuel from the very beginning of the program and that high sulfur and low sulfur fuels are segregated at all points in the distribution system. This rule also provides for exemptions, upon application, for research, development, and testing purposes.

This supporting statement describes the recordkeeping and reporting requirements and the associated costs to various parties (e.g., refiners, importers, distributors, and retailers of diesel fuel). These requirements are necessary to enable the Administrator to:

- (1) Identify the sources of diesel fuel; and
- (2) Ensure that these sources comply with the standards and limitations of the rules.

An effective enforcement scheme is necessary to ensure that the environmental goals of the diesel program are met, and that those complying with the requirements in good faith are not disadvantaged by noncomplying parties. The diesel program requirements create a significant economic incentive for noncompliance.

Sections 114 and 208 of the Clean Air Act (CAA), 42 U.S.C.

§§ 7414 and 7542, authorize EPA to require recordkeeping and reporting regarding enforcement of the provisions of Title II of the CAA. Relevant portions of the statutes referenced above can be found in the Attachment. The current regulations applicable to motor vehicle diesel fuel can be found in 40 CFR Part 80, Regulation of Fuels and Fuel Additives. The regulations associated with this information collection are contained in the final rule for the diesel rulemaking. These regulations are not attached to this statement due to their length and general technical nature. The final rule was published in the *Federal Register* on January 18, 2001. (66 FR 5002.)

#### Tax Exempt Diesel Fuel

Section 211(i) of the Act, 42 U.S.C. § 7545(i), provides that the Administrator may require the use of dye in high sulfur diesel fuel to aid in segregating it from low sulfur, highway diesel fuel. The EPA rule at 40 C.F.R. § 80.29 requires that high sulfur diesel be dyed. This greatly aids EPA in enforcing the Act's requirement to segregate highway low sulfur diesel fuel from high sulfur diesel fuel. It also aids parties in the distribution chain to determine if the fuel has been contaminated with high sulfur diesel fuel.

The Internal Revenue Service also requires high sulfur diesel fuel to be dyed, but additionally requires, for tax reasons, that low sulfur tax exempt highway diesel fuel also be dyed (such fuel is sold to governmental entities and various other parties). This IRS requirement would have largely nullified the effectiveness of the Congressionally authorized EPA dye requirement. Since both high sulfur diesel and some low sulfur diesel fuels are dyed, it would be impossible to determine from the presence of the dye whether the fuel were inappropriate for motor vehicle (highway) use. Therefore, EPA required in the rule (see 40 CFR 80.29(c)(1)) that a party transferring dyed low sulfur diesel fuel must state on the customary business practice (CBP) product transfer document (PTD) that the fuel is tax exempt and meets the regulatory requirements for highway use. PTDs must be retained for five years (see 40 CFR 80.29(c)(2)). EPA determined that these were the least burdensome reporting and recordkeeping requirements that would allow the dye requirement to remain useful to EPA and regulated industry. The volume of diesel fuel affected by these requirements is a very small percentage of all diesel fuel produced. The requirements were promulgated under authority of section 211 of the Act, 42 U.S.C. § 7545, section 114 of the Act, 42 U.S.C. § 7414 and section 208



of the Act, 42 U.S.C. § 7542.

Nonroad, Locomotive, and Marine Diesel

EPA's nonroad diesel rule establishes a comprehensive national control program that will regulate equipment and its fuel as a single system. As part of this program, new emissions standards for nonroad engines will begin to take effect in model year 2008. These standards are based on the use of high-efficiency catalytic exhaust emission control devices or comparably effective advanced technologies. Because these devices are damaged by sulfur, we, in parallel, are reducing the level of sulfur in diesel fuel significantly at appropriate times. The program provides substantial flexibility for refiners, especially small refiners, and for manufacturers of engines and equipment. These options will ensure that there is widespread availability and supply of the low sulfur diesel fuel from the very beginning of the program and that high sulfur and low sulfur fuels are segregated at all points in the distribution system. This rule also provides for exemptions, upon application, for research, development, and testing purposes.

This supporting statement describes the recordkeeping and reporting requirements and the associated costs to various parties (e.g., refiners, importers, distributors, and retailers of diesel fuel). These requirements are necessary to enable the Administrator to:

- (1) Identify the sources of nonroad, locomotive, and marine (NRLM) diesel fuel; and
- (2) Ensure that these source parties comply with the standards and limitations of the rules.
- (3) Ensure that these parties do not utilize the provisions of this rule to circumvent compliance with the 2007 highway diesel fuel rule.

An effective enforcement scheme is necessary to ensure that the environmental goals of the nonroad diesel program are met, and that those complying with the requirements in good faith are not disadvantaged by noncomplying parties. The nonroad diesel program requirements create a significant economic incentive for noncompliance.

Sections 114 and 208 of the Clean Air Act (CAA), 42 U.S.C.

§§ 7414 and 7542, authorize EPA to require recordkeeping and reporting regarding enforcement of the provisions of Title II of the CAA. Relevant portions of the statutes referenced above can be found in the Attachment. The current regulations applicable to nonroad, locomotive and marine diesel fuel can be found in 40 CFR Part 80, Regulation of Fuels and Fuel Additives. The regulations associated with the information collection are contained in the final rule for the nonroad diesel rulemaking.

## **2(b) Practical Utility/Users of the Data**

EPA will use the information contained in the annual reports required by this information collection to evaluate the compliance of parties involved in the production and importation of diesel with the diesel fuel requirements. These reports will also be used by EPA to target compliance investigations. Any baseline information submitted by refiners in order to generate early credits will be used to ensure that credits generated are correctly determined. PTDs maintained by parties in the diesel fuel distribution system and records related to diesel blending will be used to evaluate the compliance of the parties that maintain the records, and to help evaluate upstream compliance.

The automatically printed notice on tax-exempt highway diesel product transfer documents (which EPA allows to be stated in coded form to save space), allows both EPA to determine if dyed product is intended for highway use or is high sulfur diesel for off-road use only. It also helps industry to make this determination.

The EPA's Office of Enforcement and Compliance Assurance, Air Enforcement Division is the governmental user of the information contained in the required records.

## **3. NONDUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA**

### **3(a) Nonduplication**

Efforts have been made to eliminate duplication in this information collection. Where possible, information requirements from various organizations within the Agency have been combined

to minimize the submittal of duplicate information in different formats. The information in this collection will not be available from another source.

To minimize the information collection burden, refiners and importers who are registered under the RFG program (40 CFR 80.76) are considered to have satisfied the registration requirements under the diesel rule. This also applies to the registration requirements for refiners subject to the small refiner or temporary hardship relief provisions, and refiners and importers subject to the GPA standards. Refiners and importers who are not already registered with EPA must register in accordance with the registration requirements under the RFG program.

### **3(b) Public Notice Prior to Submission to OMB**

For the recordkeeping and reporting requirements for diesel fuel sold in 2001 and later years and for tax-exempt (dyed) diesel fuel, we published a first Federal Register notice announcing the renewal on May 17, 2004. (See 69 FR 27919.) No comments were received on that notice.

For the nonroad, locomotive, and marine diesel reporting requirements, we published a proposed rulemaking in the Federal Register on May 23, 2003 regarding requirements for low sulfur nonroad diesel fuel. We have received comments on several issues related to information collection. The most significant of these comments were recommendations from representatives for all parts of the fuel production and distribution system (e.g., refiners, pipelines, terminals, wholesalers, retailers) to adopt the so-called designate and track approach for compliance assurance rather than the proposed baseline approach. The designate and track approach, which we have indeed adopted in response to comments for the final rule, requires additional recordkeeping and reporting of fuel receipts and transfers throughout the distribution system. However, in exchange it provides fuel distributors with considerable flexibility in the fungible distribution of similar fuels. Industry assured the Agency that these records were analogous to records that were already kept as a part of normal business practices and therefore would not represent a significant additional burden. This ICR reflects the final designate and track provisions.

We received comment that we should only require the reporting of either cetane or aromatics content, not both. For the final rule, we have in fact dropped the reporting requirement

for both of these fuel parameters. The final rule was published in the Federal Register on June 29, 2004. (See 69 FR 38957.) As mentioned above, the nonroad, locomotive, and marine diesel reporting requirements were included in this ICR renewal at OMB's request.

### **3(c) Consultations**

EPA has discussed aspects of this information collection with representatives of regulated industry as part of the development of the underlying regulations. As part of its effort to comply with the requirements of the Small Business Regulatory Enforcement Fairness Act (SBREFA) requirements, EPA met several times with small entity representatives in developing the diesel fuel quality standard applicable from 2001 and after. Additionally, EPA convened an intergovernmental panel, in accordance with the SBREFA, which met with small entity representatives and made specific recommendations to EPA regarding the impact of diesel sulfur control on small businesses. These recommendations were carefully considered by EPA in developing the proposed and final rules and the specific provisions for qualifying small refiners. A copy of the Panel's report is available in the rulemaking docket. The Panel report contains a list of the fuel industry's participating small entity representatives, and provides a summary of their comments.

### **3(d) Effect of Less Frequent Collection**

The diesel rule requires refiners and importers to submit annual reports which will, by the information contained therein, demonstrate a party's compliance with the applicable sulfur standards. Less frequent submittal of such reports would severely hinder EPA's ability to monitor compliance, and would likely lead to noncompliance. In the case of the dye requirements, a less frequent collection is not practical, since the information must appear on product transfer documents at the time custody is transferred.

### **3(e) General Guidelines**

The requirement requires record retention for five (5) years. The Agency believes this is important to the success of the program. With the large economic incentive to not comply

that exists because of the substantial difference in price that can exist between low sulfur diesel and high sulfur diesel, it is imperative that EPA maintain deterrence by assuring that all parties know that EPA will be able to distinguish the difference between high sulfur and low sulfur deliveries via a review of records generated in the normal course of business (CBP). The requirement to retain for 5 years is consistent with other record retention periods in the fuels regulations, with the applicable 5 year statute of limitations, and CBP. Most entities already keep these records for 5 or more years for tax and other business purposes.

### **3(f) Confidentiality**

Proprietary information is routinely submitted by refiners and importers as part of annual reports and as part of requests for research and development or hardship exemptions. Confidentiality for such information is covered by established Agency procedures and the regulations at 40 CFR Part 2.

### **3(g) Sensitive Questions**

No questions of a sensitive nature are asked in this information collection.

## **4. THE RESPONDENTS AND THE INFORMATION COLLECTED**

### **4(a) Respondents/SIC Codes**

The respondents to this information collection are:

- Refiners (both domestic and foreign refiners who manufacture diesel for use in the U.S.)
- Importers of diesel into the U. S.
- Diesel distributors, carriers, wholesale purchaser-consumers, and retailers
- Users of research and development diesel (testing laboratories)

Recordkeeping and, in some cases, reporting are required by the following industries, *with SIC Code/2002 NAICS Code indicated in parentheses*: refiners (2911/324110), importers (5172/424720), pipelines (4613), petroleum marketers and other distributors (5171,5172/424710, 424720), terminals (5171/424710), fuel oil

dealers (5172/424720), fuel additive manufacturers (2911/424720), and petroleum retailers and wholesale purchaser-consumers (5171, 5172/424710, 424720).

Some of the required records - like product transfer documents - (PTDs) are CBP documents. Diesel fuel additive manufacturers who sell bulk additives to terminals will have a new requirement to generate PTDs describing the sulfur content of such additives. This burden on additive manufacturers should be minimal. Without the required records, EPA would be unable to enforce the diesel sulfur requirements.

#### **4(b) Information Requested**

##### 1. Data Items

Knowledge of the following definitions at 40 CFR Part 2 is important for a thorough understanding of the reporting and recordkeeping requirements:

"Diesel fuel" means any fuel sold in any state or Territory of the United States and suitable for use in diesel motor vehicles, diesel motor vehicle engines or diesel nonroad engines, and which is commonly or commercially known or sold as diesel fuel.

"Motor vehicle diesel fuel" means any diesel fuel, or any distillate product, that is used, intended for use, or made available for use, as a fuel in diesel motor vehicles or diesel motor vehicle engines.

"Refinery" means a plant in the United States at which gasoline or diesel fuel is produced.

"Foreign refinery" means a refinery that is located outside the United States.

"Refiner" means any person who owns, leases, operates, controls, or supervises a refinery.

"Small refiner" means a refiner who produces diesel fuel at a refinery by processing crude through refinery units, employed fewer than an average of 1,500 people from January 1, 1999 to January 1, 2000, had an average crude capacity less than or equal to 155,000 barrels per calendar day (bpcd) for 1999, and that has submitted an application and received EPA approval under 40 CFR § 80.550.

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"GPA" refers to the "geographic phase-in area" as explained under the gasoline sulfur regulations at 40 CFR § 80.217.

"GPA refiner" means a refiner that has submitted an application and received EPA approval to continue the GPA standards in 2007 and 2008 under 40 CFR § 80.540.

"Importer" means a person who imports gasoline, gasoline blending stocks or components, or diesel from a foreign country into the United States (including the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands).

"Sulfur percentage" is the percentage of sulfur in diesel fuel by weight, as determined using one of the test methods specified in the regulations.

"Batch of motor vehicle diesel fuel" means a quantity of diesel fuel which is homogenous with regard to those properties that are specified for motor vehicle diesel fuel under 40 CFR subpart I.

"Motor vehicle diesel fuel additive" means any substance not composed of purely carbon and/or hydrogen, or of diesel blendstocks, that is added, intended for adding, used, or offered for use in motor vehicle diesel fuel subject to its production.

## 2. Recordkeeping and Reporting Requirements

### **Recordkeeping and Reporting Requirements for Diesel Fuel Sold in 2001 and Later Years**

#### a) General Recordkeeping and Reporting Requirements Applicable to Refiners and Importers

*Registration.* (See 40 CFR § 80.597.) The diesel sulfur program requires that refiners and importers who are either currently producing and supplying highway diesel fuel, or that expect to do so by June 1, 2006, must register with EPA by December 31, 2001. Where a registrant has already provided information under the reformulated gasoline and anti-dumping program (see 40 CFR § 80.76), that registrant is *not* required to re-register under this diesel program. Most refiners and importers will have already registered, but we have estimated 15 new registrants or updates to previously filed registrations may continue to be received each year. Registration information can be submitted on the existing company and facility forms used for reformulated gasoline and anti-dumping.

*Pre-Compliance Reports.* (See 40 CFR § 80.594.) By June 1, 2003, all refiners and importers must generally report on their progress towards meeting the diesel sulfur standard of 15 ppm. Pre-compliance reports are also due on June 1, 2004 and June 1, 2005. Pre-compliance reports may be submitted electronically or on paper and must describe any changes related to registration, volume estimates for both 15 ppm and 500 ppm diesel fuel to be produced from crude oil and other sources, estimates as to the number of credits to be earned and/or used, and information indicating progress toward making necessary capital commitments and modifications to produce 15 ppm diesel fuel by the appropriate date. All pre-compliance reporting ends with the annual report due on June 1, 2005. Pre-compliance reports must be accompanied by a written, signed certification by a responsible corporate officer.

*Annual reports, underlying records, and electronic reporting.*  
(See 40 CFR §§ 80.592(b) and 80.593.)

Beginning with June 1, 2006 or the first compliance period during which credits are generated, any refiner or importer who produces or imports diesel fuel subject to the 500 ppm sulfur



standard or who generates credits under the diesel program must submit annual reports to EPA. The annual reports are due the last day of February for the previous year's activity.

Annual reports must contain the following information: name of the company and registration number, volume and quality data for all diesel fuel produced for sale within the United States during the compliance period, what percentage of fuel met the 15 ppm and 500 ppm sulfur standards, and information regarding credits generated, used, and/or transferred. (See 40 CFR § 80.593.) Small refiners will be required to provide minimal additional information, which varies according to which small refiner option the refiner will be using. (See section IV.C of the January 18, 2001 *Federal Register* notice and the small refiner discussion below.) All annual reports must be accompanied by a written, signed certification by a responsible corporate officer.

Records related to the annual reports must be maintained for at least five years. Beginning June 1, 2006 or the first compliance period during which credits are generated, whichever is earlier, any refiner or importer continuing to produce 500 ppm motor vehicle diesel fuel must keep records that including the following information for each batch of diesel fuel produced by all refiners or imported by all import facilities subject to one of the flexibilities:

- 1) batch volume;
- 2) batch number;
- 3) date of production or import;
- 4) PADD of production/import; and
- 5) designation of the batch as meeting the 15 ppm or 500 ppm sulfur standard.

For foreign refiners and importers, designations and other records required under 40 CFR § 80.620 are also required. Importers are required to keep records identifying and verifying the source of each batch of certified and non-certified foreign refiner diesel fuel under 40 CFR § 80.620. (See 40 CFR § 80.592(c).)

For all refiners and importers, who generate credits, the following records must be kept separately for each refinery and by PADD of production/import for for each credit trading area (in the case of an importer):

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- 1) the number of credits possessed at the beginning of the year;
- 5) the number of credits generated during the year;
- 6) the number of credits used during the year;
- 7) information about any party from whom credits were obtained or to whom credits were traded, including that party's EPA registration number;
- 8) any credits that will carry over into (the) subsequent year(s); and
- 9) any other commercial documents related to transfer of credits.

It is our intention to accept all diesel program annual reports in a highly simplified, electronic format (i.e., either within a common commercial spreadsheet or as a comma delimited text file). We believe that this will minimize the cost of reporting for regulated parties and, based upon our experience with electronic reporting in other fuels programs, will be widely embraced by regulated parties.

We will request encryption in order maintain strict protection of these submissions, which are generally covered by a claim of "confidential business information" (CBI). The signature and certification by the responsible corporate officer will be in writing. In order to ensure the integrity of electronic files, a hash value will be included to identify the annual report file(s) submitted. (A hash algorithm computes a unique and condensed representation of a message or a data file. This "hash value" and is useful for identification and evidentiary purposes.)

All annual reporting under this program ends with the report due on the last day of February 2011 and covering compliance year 2010. After that date, all motor vehicle diesel fuel will have to meet the 15 ppm standard and there is no further purpose to be served by annual reporting.

Registration information and reports will be entered into an EPA Office of Air and Radiation, Office of Transportation and Air Quality computer database. Information covered by a claim of business confidentiality will be handled in accordance with standard Agency procedures regarding confidential business information and the applicable provisions at 40 CFR Part 2.

*Product transfer documents.* (See 40 CFR § 80.590.) All parties in the distribution system are required to keep product transfer documents (PTDs), but refiners and importers are also required to initially generate and provide information on commercial PTDs that identify diesel fuel for highway use complying with either the 15 ppm or 500 ppm standard or identifying the diesel fuel as meeting certain other specific needs. For example, PTDs will be used to identify diesel fuel as meeting the 15 ppm or 500 ppm sulfur standard, as diesel fuel for export only, as diesel fuel for use in specified Territories, as diesel fuel for use as research and development fuel only, etc. Product transfer documents are also used to identify diesel fuel for use in Alaska and exempt from Federal dye requirements. (See 40 CFR § 69.51(a)(2) and (c)(2).)

The record retention time for most records is five years, which is the same as under other fuels programs. Creation and retention of PTDs does not create a new requirement, but there will be a one time expense associated with developing new computer product codes or descriptive phrases to identify product. Product codes may be used by most parties if such codes are clearly understood by each transferee. Textual statements are to be provided to truck carriers, retailers, and/or wholesale purchaser-consumers. Once established, these product codes will continue to be routinely used.

Any additional burdens associated with PTDs are reasonably expected to be quite minimal because all parties already routinely receive transfer documents as a customary business practice and generally maintain them for four or five years under state tax laws. Product transfer document information is necessary to 1) prevent commingling of products meeting different sulfur standards, 2) avoid contamination of 15 ppm diesel with higher sulfur products, and 3) prevent misfueling of model year 2007 and later vehicles with any fuel having a sulfur content greater than 15 ppm. It is very important that misfueling not occur, as it may result in harm to the vehicles emissions controls and other systems. It is important that excessive amounts of 15 ppm fuel not be downgraded in the distribution system in order to ensure sufficient availability of 15 ppm compliant fuel at retail.

*Product transfer documents for additives.* (See 40 CFR § 50.591.) Product transfer documents for diesel additives must indicate that the additive does not exceed 15 ppm sulfur or, in the alternative, that the additive does exceed 15 ppm sulfur and care

must be taken to blend it properly in order to ensure that the blended final product is compliant with the 15 ppm sulfur standard.

*Quality assurance test results for batches of diesel fuel.* (See 40 CFR § 80.592.) Refiners and importers are not required to test each batch of diesel for its sulfur content. Quality assurance testing is voluntary, although nearly all refiners and importers would engage in such testing in order to establish an affirmative defense under an enforcement scenario. Records retained would have to indicate the location, date, time and storage tank or truck sampled, the name and title of the person who sampled the tank or truck, and the results of any testing. For any product that was non-compliant as a result of quality assurance testing, records would have to be made and kept to indicate the actions the party has taken, if any, to identify the cause of the noncompliance and to prevent future instances of noncompliance. Any generated records related to quality assurance testing would have to be retained for five years.

All records, including electronic records and the various types of specific recordkeeping and reporting requirements (discussed below), must be made available to EPA upon request.

b) Applications by Refiners Seeking to be Granted Relief under Extreme Circumstances. (See 40 CFR § 80.561.)

In appropriate extreme, unusual, and unforeseen circumstances, clearly outside the control of the refiner or importer and which could not have been avoided by exercising due diligence, EPA may permit distribution of diesel fuel that does not meet regulatory requirements if certain conditions are met (e.g. it must be in the public interest to do so, the refiner must make up any air quality detriment, the refiner must pay the U.S. Treasury an amount equal to the economic benefit of the nonconformity minus the amount paid making up any air quality detriment, etc.). Due to the extreme nature of this relief, no exact format is prescribed by the regulations for application. However, in order for the Agency to make a decision as to whether to grant such relief, it is necessary for the party to describe the circumstances in sufficient detail.

c) Applications for Research and Development Exemptions. (See 40 CFR § 80.600.)

Any person may receive an exemption from the regulations for diesel fuel used for research, development, or testing purposes. The regulations specify the type of information a party would submit in order to demonstrate that there is a legitimate basis for granting an exemption. Such information includes a concise statement of the purpose and scope of the program and an explanation as to why an exemption is needed. Information about the duration of the program, the maximum number of vehicles or engines involved, and the quantity of diesel fuel is to be provided to the Agency. In addition, the party must provide information about the site where research is to be conducted and the manner in which records will be kept. Contact information must be provided.

d) Recordkeeping and reporting that is specific to foreign refiners subject to a temporary compliance option or a hardship provisions

(See 40 CFR § 80.620.)

Generally, the requirements of the diesel program are to be met by the importer (who imports foreign refiner diesel) unless a foreign refinery has applied for and received EPA approval to produce motor vehicle diesel fuel under the temporary compliance option or one of the hardship provisions. Foreign refiners may seek to be included under the temporary compliance option (see 40 CFR §§ 80.530-80.532), the small refiner hardship provisions (see 40 CFR §§ 80.552 and 80.553), the temporary relief provisions of 40 CFR §80.560 or the extreme unforeseen circumstances provisions of 40 CFR §80.561. As with other refiners, application must be made in writing to EPA, and signed and certified by a responsible corporate officer. The writing must be in English or an English translation must be provided.

Because of the difficulties of enforcing requirements in foreign countries, there is an attest engagement requirement associated with foreign refiner flexibility. This must be performed on a yearly basis and must be submitted on May 30<sup>th</sup> for the prior calendar year. An attest engagement is similar to a financial audit and is to be conducted by a party who is independent of the foreign refiner and who is either a licensed CPA or a person approved in advance by EPA who is capable of carrying out those duties.

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e) Recordkeeping and reporting that is specific to the generation of early credits. (See 40 CFR §§ 80.531 and 80.532.)

There are two types of early credits under this program: 1) credits generated after May 31, 2005 and before June 1, 2006, and 2) credits generated after June 1, 2001 but before May 31, 2005. For credits falling under 1), the refiner would have to submit information demonstrating that 15 ppm diesel fuel produced earlier will be segregated and not commingled with 500 ppm diesel fuel. No early credits may be generated by any refiner who does not submit a notification to EPA and demonstrate how it will ensure segregation of its 15 ppm and 500 ppm fuel. For credits generated under 2), the refiner must demonstrate that the 15 ppm fuel is actually used in vehicles meeting the 2007 particulate matter standard or in retro-fitted vehicles that are achieve comparable emissions levels. No credits may be claimed by a refiner who does not submit the appropriate notifications to EPA.

**Recordkeeping and Reporting for Tax-Exempt (Dyed) Diesel Fuel**  
(See 40 CFR § 80.29.)

Any person who transfers custody or title to highway diesel fuel that is dyed must provide documentation to the transferee that the fuel meets highway diesel fuel requirements and is dyed pursuant to IRS requirements. Diesel fuel terminals are normally the parties who add the dye to low sulfur tax exempt diesel and therefore are the parties who initiate the documentation to the end user. EPA allows parties to use brief code language to meet this requirement. The transferor and transferee must keep the document for five years. The Agency allows the use of electronic recordkeeping.

**Recordkeeping and Reporting for Nonroad, Locomotive, and Marine Diesel Fuel**

j. General Recordkeeping and Reporting Requirements Applicable to Refiners and Importers

*Registration.* (See 40 CFR § 80.597.) The nonroad diesel sulfur program requires that refiners, distributors and importers who are either currently producing and supplying nonroad diesel fuel, or that expect to do so, register. Where a registrant has already provided information under the reformulated gasoline and anti-dumping program (see 40 CFR § 80.76), that registrant is *not* required to re-register under this diesel program.

*Pre-Compliance Reports.* (See 40 CFR § 80.594.) As with the highway diesel program, we require that each refiner and importer provide annual reports on the compliance progress of and plans for each of their refineries or import facilities towards meeting the nonroad diesel sulfur standard as specified in the final rule. The pre-compliance reports are due June 1 of each year beginning in 2005 and continuing through 2009, or until the production of 15 ppm sulfur NRLM diesel fuel commences, whichever is later.

Pre-compliance reports may be submitted electronically or on

paper and must describe any changes related to registration, volume estimates for both 15 ppm and 500 ppm diesel fuel to be produced from crude oil and other sources, estimates as to the number of credits to be earned and/or used, and information indicating progress toward making necessary capital commitments and modifications to produce 15 ppm diesel fuel by the appropriate date. Pre-compliance reports can, at the discretion of the refiner/importer, be submitted in conjunction with the annual compliance reports discussed below and/or the pre-compliance and annual compliance reports required under the highway diesel program, as long as all of the information that is required in all reports is provided and clearly identified.

*Compliance Reports for Refiners, Importers, and Distributors of Designated Diesel Fuel.* (See 40 CFR §§ 80.592(b) and 80.593.)

*i. Designate and Track Reporting Requirements*

Quarterly Reports. From December 1, 2007 and through September 1, 2010, all entities who are required to maintain records must report the following information by facility to EPA on a quarterly basis: (a) the total volume of each type of designated diesel fuel for which custody was transferred, and (b) the total volume of each type of designated diesel fuel for which custody was received. Terminals must also report the results of all compliance calculations including the total volumes received and transferred of each fuel designation.

Annual Reports. Beginning December 1, 2007, all entities that are required to maintain records for batches of fuel must report by facility on an annual basis information on the total volumes transferred and/or received of each fuel designation, as well as the results of all compliance calculations.

*ii. Other Reporting Requirements*

After the NRLM diesel fuel sulfur requirements begin on June 1, 2007, refiners and importers will be required to submit annual compliance reports for each refinery or import facility. If a refiner produces 15 ppm sulfur or 500 ppm sulfur fuel early under the credit provisions, its annual compliance reporting requirements will start on June 1 following the beginning of the early fuel production. These reporting requirements will sunset after all flexibility provisions end (2004). Annual compliance



reports will be due on August 31.

A refiner's or importer's annual compliance report must include detailed information for each of its facilities: (a) batch reports for each batch produced or imported; (b) report on the generation, use, transfer and retirement of diesel sulfur credits; a small refiner that elects to produce 15 ppm sulfur NRLM diesel fuel by June 1, 2006 must also supply gasoline sulfur levels information and progress toward highway and NRLM diesel sulfur desulfurization.

*Product transfer documents.* (See 40 CFR § 80.590.) Refiners, importers, and other parties in the distribution system must provide information on commercial PTDs that identify diesel fuel distributed for use in motor vehicles or nonroad, locomotive, or marine diesel equipment, as appropriate, and state the sulfur standard which the fuel is subject to (PTDs must state whether the highway or NRLM diesel fuel complies with the 500 ppm or the 15 ppm sulfur standard). The PTD must indicate whether the fuel is No.1 or No.2, dyed or undyed, and marked or unmarked.

This additional information on commercial PTDs is necessary to maintain the integrity of the various grades of diesel fuel in the distribution system. Parties in the system will be better able to identify which type of fuel they are dealing with and more effectively ensure that they are meeting the requirements of the program. This approach will help to ensure that misfueling of sulfur sensitive engines does not occur and that the program achieves its goal, that is emissions reduction. (See 40 CFR § 69.51(a)(2) and (c)(2).)

For details on Recordkeeping Requirements for Refiners and Importers, Recordkeeping Requirements for Distributors, and Recordkeeping Requirements for End-Users, see 40 CFR 80.600 - 80.604.

*iii. Record Retention.* A retention time period of five years for all records is required under this rule. This is the same period of time required in other fuel rules, and it coincides with the applicable statute of limitations. This retention period applies to PTDs, records required under the designate and track provisions, records of any test results performed by any regulated party for quality assurance purposes or otherwise, along with supporting documentation. Business records regarding actions taken in response to any violations discovered must also

be maintained for five years.

*Product transfer documents for additives.* (See 40 CFR § 80.591.) Product transfer documents for diesel additives must indicate that the additive does not exceed 15 ppm sulfur or, in the alternative, that the additive does exceed 15 ppm sulfur and care must be taken to blend it properly in order to ensure that the blended final product is compliant with the 15 ppm sulfur standard.

*Quality assurance test results for batches of diesel fuel.* (See 40 CFR § 80.592.) Refiners and importers are required to test each batch of diesel for its sulfur content. Quality assurance testing is voluntary, although nearly all refiners and importers would engage in such testing in order to establish an affirmative defense under an enforcement scenario. For distributors quality assurance testing is voluntary. Records retained would have to indicate the location, date, time and storage tank, truck or batch sampled, the name and title of the person who sampled the tank or truck, and the results of any testing. For any product that was non-compliant as a result of quality assurance testing, records would have to be made and kept to indicate the actions the party has taken, if any, to identify the cause of the noncompliance and to prevent future instances of noncompliance. Any generated records related to quality assurance testing would have to be retained for five years.

All records, including electronic records and the various types of specific recordkeeping and reporting requirements (discussed below), must be made available to EPA upon request.

b. Applications and baselines for small refiners. (See 40 CFR §§ 80.550 - 80.80.555.)

Small refiner applications must include information about the company, its corporate structure and its refining capacity that will permit EPA to assess whether the refiner is, in fact, "small" for purposes of the program. All applications must be in writing and signed and certified by a responsible corporate officer.

The application must indicate whether the refiner is seeking to continue the sale of 500 ppm nonroad, locomotive, and marine diesel fuel and/or to generate early compliance credits, or if the refiner is seeking an extension of its small refiner gasoline

sulfur standard under the gasoline sulfur regulations. (See 40 CFR §§ 80.240, 80.552(d) and 80.553.)

Small refiners must apply for a small refiner baseline. (See 40 CFR § 80.533.) A separate volume baseline must be submitted for each refinery for which small refiner status is sought. The baseline must be accompanied by a written signature and certification by a responsible corporate officer.

Small refiners must comply with the same recordkeeping and reporting requirements, including pre-compliance and annual reports, required of all refiners.

c. Applications by Refiners Seeking to Be Granted Temporary Relief for General Hardship. (See 40 CFR § 80.560.)

A refiner may petition for temporary relief from some or all of the diesel requirements if the refiner can demonstrate that unusual circumstances exist that impose extreme hardship and prevent the refiner from being able to comply with applicable requirements. The items that must be included in the petition are laid out in 40 CFR § 80.560 and include description of a plan demonstrating how the refiner plans to comply with the diesel rule's requirements as soon as possible, information about the refiner's efforts to obtain capital for refinery improvements or to obtain credits, information about the bond rating of the entity that owns the refinery, and similar items that support the application. The refiner must also include a compliance plan that will demonstrate how the refiner will engage in a quality assurance testing program, engage in period sampling and testing at its own facilities and at downstream locations, inspect retail and wholesale purchaser-consumer facilities it supplies to ensure proper segregation and labeling of its product, etc. All applications must be accompanied by a signed, certification letter from a responsible corporate officer.

d. Applications by Refiners Seeking to be Granted Relief under Extreme Circumstances. (See 40 CFR § 80.561.)

In appropriate extreme, unusual, and unforeseen circumstances, clearly outside the control of the refiner or importer and which could not have been avoided by exercising due diligence, EPA may permit distribution of diesel fuel that does not meet regulatory requirements if certain conditions are met (e.g. it must be in the public interest to do so, the refiner must make up any air quality detriment, the refiner must pay the

U.S. Treasury an amount equal to the economic benefit of the nonconformity minus the amount paid making up any air quality detriment, etc.). Due to the extreme nature of this relief, no exact format is prescribed by the regulations for application. However, in order for the Agency to make a decision as to whether to grant such relief, it is necessary for the party to describe the circumstances in sufficient detail.

e. Applications for Research and Development Exemptions. (See 40 CFR § 80.607.)

Any person may receive an exemption from the regulations for diesel fuel used for research, development, or testing purposes. The regulations specify the type of information a party would submit in order to demonstrate that there is a legitimate basis for granting an exemption. Such information includes a concise statement of the purpose and scope of the program and an explanation as to why an exemption is needed. Information about the duration of the program, the maximum number of vehicles or engines involved, and the quantity of diesel fuel is to be provided to the Agency. In addition, the party must provide information about the site where research is to be conducted and the manner in which records will be kept. Contact information must be provided.

f. Recordkeeping and reporting that is specific to foreign refiners subject to a temporary compliance option or a hardship provisions  
(See 40 CFR § 80.620.)

Generally, the requirements of the diesel program are to be met by the importer (who imports foreign refiner diesel) unless a foreign refinery has applied for and received EPA approval to produce nonroad, locomotive, and marine diesel fuel under the temporary compliance option or one of the hardship provisions. Foreign refiners may seek to be included under the small refiner hardship provisions (see 40 CFR §§ 80.554), the temporary relief provisions of 40 CFR §80.560 or the extreme unforeseen circumstances provisions of 40 CFR §80.561. As with other refiners, application must be made in writing to EPA, and signed and certified by a responsible corporate officer. The writing must be in English or an English translation must be provided.

Because of the difficulties of enforcing requirements in foreign countries, there is an attest engagement requirement associated with foreign refiner flexibility. This must be

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performed on a yearly basis and must be submitted on May 30<sup>th</sup> for the prior calendar year. An attest engagement is similar to a financial audit and is to be conducted by a party who is independent of the foreign refiner and who is either a licensed CPA or a person approved in advance by EPA who is capable of carrying out those duties.

- g. Recordkeeping and reporting that is specific to the generation and use of credits. (See 40 CFR §§ 80.535 and 80.536.)

Details are given in the section above.

**5. THE INFORMATION COLLECTED - AGENCY ACTIVITIES, COLLECTION METHODOLOGY, AND INFORMATION MANAGEMENT**

5(a) Agency Activities

The following are required:

- Prepare necessary guidance documents, including a Question and Answer (Q&A) document
- Convey the requirements in a manner that is understandable. Emphasize the benefits of submitting data electronically.
- Respond to inquiries.
- Provide access to the regulations, guidance documents, and forms.
- Review the submitted information prior to data entry for compliance with submission requirements.
- Process baseline applications and applications for hardships.
- Contact the respondent when the information has not been submitted properly and provide guidance on correction of the problem.
- Maintain and refine hardware and software systems for handling confidential data via hard copy and electronically.
- Administer a contract for data entry.
- Input information into databases and store the information.

Perform data analysis and identify violations.

1.

5(b) Collection Methodology and Management

The information collection has been developed by EPA offices

that have planned and allocated resources for the efficient and effective management and use of the information to be collected, including the processing of the information in a manner which shall enhance the utility of the information for the Agency and the public. The information collection, to the maximum extent practicable, uses appropriate information technology to reduce burden and improve data quality, Agency efficiency, and responsiveness to the public.

EPA will accept common electronic formats for most of the reporting requirements - for example, annual reports may be submitted in any of several commercial spreadsheet formats or, more simply, as comma-delimited text files. For applications for small refiner status, research and development exemptions, and similar documents, any format may be used that contains the necessary information. All submissions must be signed and certified by a responsible corporate officer. Electronic submissions should be encrypted and must contain a "hash value," as discussed above in section 4.

The product transfer document information can be included on standard transfer documentation customarily used in the ordinary course of business. EPA allows the information to be encoded by upstream parties (refiners, importers, terminals) to facilitate reporting and save space.

The information is carefully reviewed for compliance with the requirements. Most of the information submitted to the Agency is confidential. It is stored in a secure area and on secure databases.

#### 5(c) Small Entity Flexibility

The information collection reduces to the extent practicable and appropriate the burden on respondents, including small entities. The major reporting requirements apply to refiners and importers of diesel, which are not usually small businesses. Small refiners and other parties are required to supply information in order to confirm their status and the applicability of appropriate flexibility provisions to them. However, most of these reporting requirements are included in the one time submission of the registration, application, and baseline. Other small businesses which are covered, including diesel distributors, retailers, and wholesale purchaser consumers, have no mandatory requirements other than maintaining product transfer documents, which is already done in the ordinary

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course of business.



## 6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION

### 6(a)and(b)Estimating Respondent Burdens and Costs

Several reporting burdens associated with this program are one-time burdens associated with the start of the program. For example, there is a one-time reporting burden associated with registration (for those parties who are not already registered under the reformulated gasoline and anti-dumping program or gasoline sulfur program). There is also a one-time reporting burden associated with each application under various available compliance options, including the small refiner, GPA, and temporary hardship provisions.

QA testing of batches of diesel fuel under this program is voluntary. Such testing is performed by many parties in the normal course of business. There is an annualized capital cost for the equipment necessary for the batch testing.

Third party activity, the transmittal or storage of product-transfer documents, is a customary business practice. For most reporting requirements, the only operating and maintenance (O&M) costs are for copying and postage/courier fees. Some electronic reports may be encrypted and sent via e-mail or diskette. There is a very modest capital cost for encryption software.

Three labor categories are involved: managerial (includes legal and professional review), technical, and clerical. According to the Bureau of Labor Statistics, *Employer Costs for Employee Compensation*, "Table 12 - Private industry, manufacturing, and non-manufacturing industries by occupational group (December, 2003),"<sup>2</sup> the following wages and benefits apply by category:

#### Wages and Benefits

Managerial	\$49.30 per hour
Technical	\$32.31 per hour

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<sup>2</sup> See <http://stats.bls.gov/news.release/ecet.t12.htm>. (Accessed April 8, 2004.) Please note that a different table was used for the Nonroad, Locomotive and Marine Diesel ICR proposed as 1718.07. For consistency, this supporting statement uses the table cited for all calculations.

Clerical           \$22.42 per hour

Doubling for company overhead beyond wages and benefits, and for convenience, rounding to the dollar, gives the following rates for this ICR:

Total Employer Cost

Managerial	\$99 per hour
Technical	\$65 per hour
Clerical	\$45 per hour

The labor mix for the activities above will be about the same for each. It is assumed that for each hour of activity the mix will be about 0.1 hour managerial, 0.7 hour technical, and 0.2 hour clerical. This gives an average labor cost of about \$65 per hour, which will be used in this ICR. The annual burden estimates given below are based upon the likely respondents and estimated number of reports, industry contact, and our knowledge of likely industry activity over the next three years. They are presented in the same order as above, but with abbreviated titles. The estimated respondent population by respondent is noted on the table below.

ANNUAL ESTIMATED REPORTING BURDENS

For most activities the estimate is one hour per report. However, some reports and some applications may require considerably more time, as estimated below. We expect that all or nearly all annual reports will be submitted electronically.

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**Table I - Annual Burdens Related to Diesel Fuel Sold in 2001 and Later Years and Tax-Exempt (Dyed) Diesel Fuel**

Collection Activity	Number of Respondents	Reports per Respondent/Total	Hours per Report/Total	Labor Costs in \$	Non-postage Other Costs in \$
Refiner and importer registration <sup>3</sup>	15	1/15	1/15	975	
Application for Relief Under Extreme Circumstances <sup>4</sup>	2	1/2	40/80	5,200	
R&D Exemption Application <sup>5</sup>	8	1/8	1/8	520	

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<sup>3</sup>All know parties have already registered. In existing ICR 1718.04 (expiring 9/30/04), we assumed a cost associated with developing necessary registration and reporting related software or databases for such parties. We have assumed 15 new or updated registrations on a continuing basis, per year, and have considered any development needs for those parties throughout these tables.

<sup>4</sup> Applications of this type are only for extreme, unforeseen circumstances and are expected to be very rare.

<sup>5</sup> Estimate is based upon the number of R&D exemptions requested in similar programs and upon discussion with industry sources.

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Collection Activity	Number of Respondents	Reports per Respondent/Total	Hours per Report/Total	Labor Costs in \$	Non-postage Other Costs in \$
Refiners' and importers' database and software programming needs for diesel reporting and credit tracking <sup>2</sup>	15	1/15	150/2,250	146,250	
Refiners' and Importers' Pre-compliance Reports	200	1/200	20/4,000	260,000	
Refiners' and Importers' Annual reports	200	1/200	40/8,000	520,000	

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Collection Activity	Number of Respondents	Reports per Respondent/Total	Hours per Report/Total	Labor Costs in \$	Non-postage Other Costs in \$
Refiners' and importers' creation of new product codes or phrases for Product Transfer Documents <sup>6</sup>	15	15/225	20/4,500	292,500	
Diesel additive manufacturers' creation of new product codes or phrases for Product Transfer Documents <sup>7</sup>	15	1/15	20/300	19,500	

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<sup>6</sup> Product transfer documents are kept in the normal course of business; however there is a one time burden associated with creating new program codes or phrases. See note 2 above. This renewal assumes a new burden only for new registrants and assumes 15 new registrants and 15 product codes. The product codes will already be in use and the only burden is to enter the appropriate code(s) into software and to generate the appropriate code(s) on PTDs.

<sup>7</sup> Product transfer documents are kept in the normal course of business; however there is a one time burden associated with creating new program codes or phrases. See note 2 above. This renewal assumes a new burden only for new registrants and assumes 15 new registrants who produce one additive each. The product codes will already be in use, and the only burden is to enter the appropriate code describing the registrant's additive into software and generate it on PTDs.

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Collection Activity	Number of Respondents	Reports per Respondent/Total	Hours per Report/Total	Labor Costs in \$	Non-postage Other Costs in \$
Voluntary QA by refiners and importers	200	100/20,000	1/20,000	1,300,000	4,800,000  (24,000 per respondent, 1/2 assumed to be O & M and 1/2 assumed to be capital cost)
Attest engagements for foreign refiners <sup>8</sup>	5	1/5	40/200	13,000	50,000 Purchased Services (PS)  (10,000 per respondent per year)
Placement of notice or codes for dyed diesel fuel <sup>9</sup>	2,000	200/400,000	.0333/222	14,430	

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<sup>8</sup> Only for foreign refiners who use the temporary compliance or other flexibility option (e.g. small refiner).

<sup>9</sup> Capital/start up costs were incurred by regulated industry in 1993. The notice or codes are typically is now automatically generated by software and represents a minimal burden. This item is the only reporting burden under existing ICR 1718.03, expiring 9/1/04.

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**Table I**

**TOTALS:**        2,675 respondents  
                  420,685 reports  
                  39,575 burden hours  
                  \$2,572,375 labor costs  
                  \$4,850,000 O&M, capital costs, and purchased services costs

**Table II - Initial Burden Table by Collection Activity for Non-Road, Locomotive, and Marine Diesel** (Period: Applicable from Present [September 2004] through June 2007)

Collection Activity	# of Respondents	# of Reports per Respondent	Total # of Reports	Hours per Report	Total Hours	Total Labor Cost.in \$
Refiner and Importer Registration <sup>10</sup>	20	1	20	1	20	\$1,300
Pipeline and Terminal Operators' Registration	1,000	1	1,000	1	1,000	\$65,000
Application for Small Refiner Status	25	1	25	20	500	\$32,500

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<sup>10</sup> Many parties have already registered under other fuels program and will not have to re-register. We are assuming a total of 150 refineries and importers, and 1,000 pipelines and terminals total for purposes of these burden tables.

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Collection Activity	# of Respondents	# of Reports per Respondent	Total # of Reports	Hours per Report	Total Hours	Total Labor Cost.in \$
Temporary Hardship Relief Application	5	1	5	20	100	\$6,500
Refiners and Importers database and software programming needs for diesel reporting and credit tracking	150	1	150	150	22,500	\$1,462,500
Pipeline and Terminal Operators database and software needs for diesel reporting and credit tracking	1,000	1	1,000	50	50,000	\$3,250,000
Refiners' and Importers' Creation of new product codes for Product Transfer Documents	150	1	150	15	2,250	\$146,250
Total	2,350		2,350		76,370	\$4,964,050



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**Table III - Annual Burden Table by Collection Activity - Non-Road, Locomotive, and Marine  
Period: June 2007 to May 2010**

Collection Activity	Number of Respondents	Number of Reports per Respondent	Total Number of Reports	Hours per Report	Total Hours	Total Labor Cost in \$
Application for Relief Under Extreme Circumstances	2	1	2	40	80	5,200
R&D Exemption Application	8	1	8	1	8	520
Refiners' and Importers Precompliance Reports	150	1	150	20	3,000	195,000
Refiners and Importers Annual Reports	150	1	150	40	6,000	390,000
Refiners and Importers Quarterly Reports	150	4	600	20	12,000	780,000
Pipeline and Terminal Operators' Annual Reports	1,000	1	1,000	40	40,000	2,600,000
Pipeline and Terminal Operators Quarterly Reports	1,000	4	4,000	30	120,000	7,800,000
Q&A by Refiners and Importers	150	100	15,000	1	15,000	975,000
Attest engagement for foreign refiners	5	1	5	40	200	13,000
Total	2,615		20,915		196,288	12,758,720

TOTAL O&M and CAPITAL COSTS = 3,600,000 (1/2 O&M and 1/2 CAPITAL) and TOTAL PURCHASED SERVICES = \$50,000.

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Table IV - Annual Burden Table by Collection Activity for Non-Road, Locomotive and Marine

Period: June 2010 and beyond<sup>11</sup>

Collection Activity	Number of Respondents	Number of Reports per Respondent	Total Number of Reports	Hours per Report	Total Hours	Total Labor Cost in \$
Application for Relief Under Extreme Circumstances	2	1	2	40	80	5,200
R&D Exemption Application	8	1	8	1	8	520
Refiners and Importers Annual Reports	150	1	150	40	6,000	390,000
Pipeline and Terminal Operators' Annual Reports	100	1	100	40	4,000	260,000
Q&A by Refiners and Importers	150	100	15,000	1	15,000	975,500
Attest engagement for foreign refiners	5	1	5	40	200	13,000
Total	415		15,265		25,288	\$1,643,720

TOTAL O&M and CAPITAL COSTS = 3,600,000 (1/2 O&M and 1/2 CAPITAL) and TOTAL PURCHASED SERVICES = \$50,000.

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<sup>11</sup> See fn. 1.

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TOTALS:

TOTAL NO. OF REPORTS: 444,110

TOTAL BURDEN HOURS: 312,233

TOTAL LABOR COSTS: \$20,295,145

TOTAL O&M AND CAPITAL COSTS: \$ 8,400,000

TOTAL PURCHASED SERVICES COSTS: \$100,000

TOTAL OF ALL COSTS = \$ 28,795,145

6(c) Estimating Agency Burden and Cost

The Agency activities listed in 5(a) are part of an overall gasoline and diesel reporting system (including reformulated gasoline, conventional gasoline, and diesel). This system is handled by a contractor for \$218,000 per year, a GS-13 computer specialist for \$120,000 per year (including overhead), a GS-13 program analyst for \$120,000 per year, and the equivalent of a GS-14 program manager for \$150,000 per year. Annual cost for lease and security of the secure area where the confidential data are stored and analyzed is estimated at \$30,000. Annual computer cost is estimated at \$30,000. Thus, the annual estimated cost to the government is \$668,000. The total annual hours for government employees are 3 full time equivalents (FTE) x 2080 hours/FTE = 6,240 hours.

6(d) and (e) Estimating the Respondent Universe and Total Burden and Costs, and Bottom Line Burden Hours and Costs

This was incorporated into 6(a) and (b).

6(f) Reasons for Change in Burden

The burden under 1718.04 (related to diesel fuel quality in 2001 and later years) has been reduced since some types of reporting (e.g., application for small refiner status) were one time reporting burdens for which the deadline has passed and with which parties have already complied. However, this supporting statement renews both 1718.03 (related to the dye requirement) and 1718.04, and includes provisions of proposed 1718.07 (related to nonroad, locomotive and marine diesel) that are applicable through 2007. The recordkeeping and reporting provisions under 1718.07 were added as part of the recent final rule. (See 1(b) for more details.)

6(g) Burden Statement

There are only two printed forms that exist for this program. These are the same as the company and facility registration forms currently used for the RFG and anti-dumping

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program (OMB Control Number 2060-0277.) We anticipate that most parties will choose to use simplified electronic reporting procedures - however, additional forms consistent with the requirements laid out in this ICR may be developed to suit reporting parties' needs. The burden statement for fuels reporting forms is proposed to continue to read as follows:

The public reporting burden for this Environmental Protection Agency (EPA) collection of information is estimated to average one hour per response. This includes time for reviewing instructions and regulations, searching company records, gathering the needed data, and completing, reviewing, copying, and transmitting the collection of information.

Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions or requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR Part 9 and 48 CFR Chapter 15.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to the Director, OPPE Regulatory Information Division, U.S. Environmental Protection Agency (2137) 1200 Pennsylvania Avenue, N.W., Washington, DC; and to the Office of Information and Regulatory Affairs, Office of Management of Budget, 725 17th Street, NW, Washington, DC 20503, Attention, Desk Officer for EPA. Include the EPA ICR number and OMB control number in any correspondence.

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Part B of the Supporting Statement - Not Applicable.