



RFG Survey Association Overview - 2017

Agenda

- Overview/Background
 - Role of the RFGSA
- Regulations
- Methodology
- Funding/Dues
- Summary - Why does it work?
- Contact Information

RFGSA Overview

- “Independent” - Not For Profit – 501c(6)
 - Members: Refiners, Producers, importers, blenders, fuel suppliers
- Design/Implement alternative Industry fuel compliance programs - meet or exceed regulations requirements
- Industry - Flexibility/Efficient compliance
- EPA - Effective compliance - better information on conformance

RFGSA Overview

- Programs are Government approved
- Statistical/Performance based
- Managed via compliance system website
- Participation voluntary
- Industry Funded

RFGSA Background

- Clean Air Act (CAA) - 1990 - Reformulated Gasoline/Anti-dumping
 - Opportunity for “Industry” RFG compliance
- American Petroleum Institute (API)/National Petroleum Refiners Association (NPRA)
 - Studies
 - Feasibility/Organizational Options/Costs
 - Members voted - create independent organization
 - Start-up funding

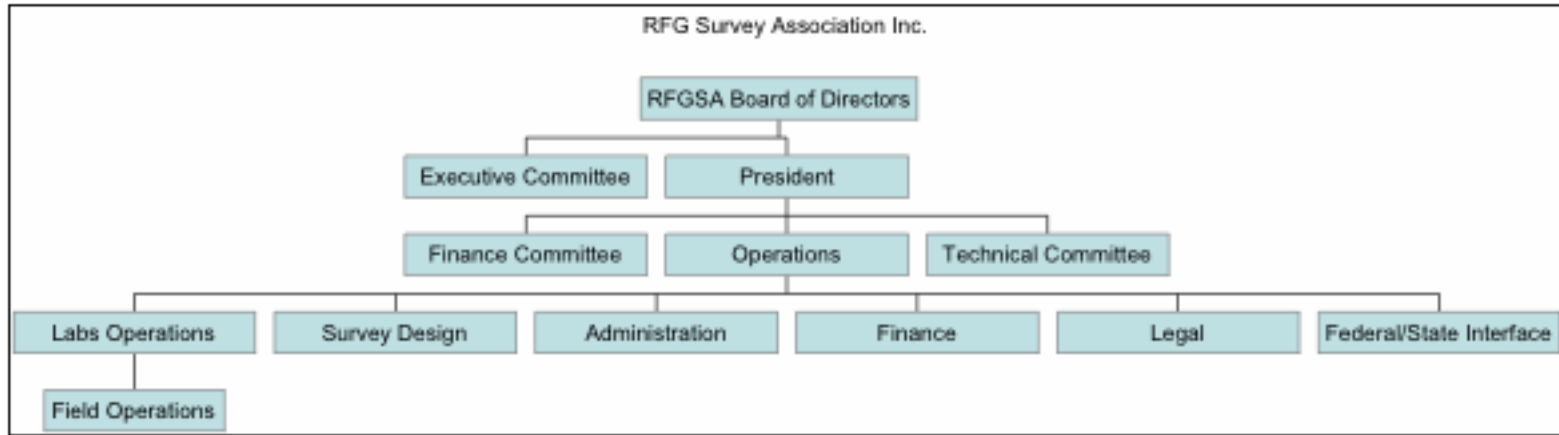
RFG Survey Association Inc

- Formed in August 1994
- **“Independent”** Not For Profit - 501c(6)
 - No lobbying*
 - 38 Founding Members - Refiners, Importers, blenders
 - F.C. Lenski – Elected President
 - Operations commenced 01/95

RFG Survey Association - Mission

- To provide independent, high quality and efficient programs and services to satisfy the fuel compliance requirements of fuels Industry and governmental agencies.

RFG Survey Association Organization



- Efficient/Effective Business Model
- Leverages Resources
 - Minimize Member time
- Low Cost
 - Outsourced

Association Operations

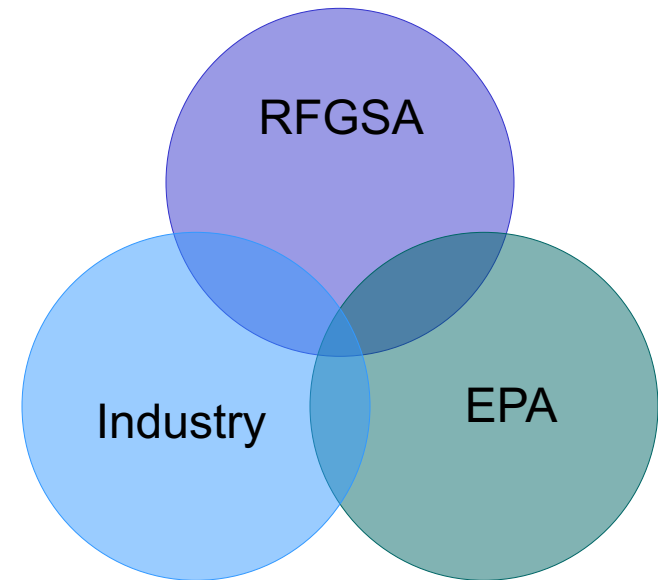
- Operate Nationwide and US territories
- 48 Member Companies +
 - 170+ program participants
- 5 Programs
 - Federal, AZ, Ethanol, ULSD, E15
 - Ethanol Flex Fuel Proposed Rule - 1/2018
- For Profit Subsidiary
 - RFG Services Inc. - Inactive

Scope of Operations

- RFG Compliance Surveys – 1995-present
 - Phoenix('98), St. Louis('99), San Joaquin ('03)
- CA Oxygen Compliance Surveys – 1996-2006
- AZ CBG Program - 1999-present
- Ethanol Downstream QA Program – 2003 - All RFG survey areas 01/06 - present
- AZ Ethanol QA Program - 2006 - present
- ULSD Testing Program – 10/06 – present
- Ethanol Blending Program (E15) – 7/12-present
- Ethanol Flex Fuels (EFF) – 01/2018 – Pending
- Fuels Surveys Consolidation Initiative - TBA

RFG Survey Association Role/Objectives

- Independent
 - Objectives driven
 - Robust program designs
 - Efficient/effective
 - Unbiased
- Consultative/Collaborative
 - Resource
- Proactive



Regulations

- Compliance
 - Liability
- Compliance Regulations
 - Federal
 - AZ

Compliance Overview

- Objective driven
- Necessary - fiduciary responsibly - measured
 - Identify/promptly correct
 - Create Incentives for proper compliance/penalize
- Measured - monitored
- Multi-faceted
- Costly - Companies/Government
- Ineffective/Inefficient

Compliance Liability

- Refiners/Producers/Importers/Blenders are primarily responsible for fuel compliance
 - Track back to supplier/producer
- Concept “Presumptive liability”
 - assumes everyone in the distribution system is liable - until proven otherwise
 - requirements along the system
- Resources to ensure compliance

Federal – Compliance Regulations

- 40 CFR Part 80
- RFG Compliance on “average” vs. “per gallon” - one or more requirements §80.41
 - Compliance Surveys - §80.67, §80.68
- Ethanol - Downstream oxygenate blending - Quality assurance testing - §80.69(a)(6)& (7)
- ULSD - Sampling and Testing Defense Elements
 - Branded Refiner, distributor and fuel supplier
 - §80.613

Federal Compliance Regulations

- E15 - Fuel Partial Waiver – approved for 2001+vehicles - Mitigate Mis-fueling – Gasoline >10 ethanol volume percent - §80.1501-08
- Ethanol Flex Fuel – REG Rule – 10/2016 – scheduled implementation – 01/2018 - §80.1561-2
 - Ethanol Bulk Blenders, Blenders, Site Blenders
 - Leverage existing E15 survey
 - Fuels Survey Consolidation concept

AZ Regulations - Compliance

- R20-2-751 - Average standards
- R20-2-755 - Downstream oxygenate blending -
Nov-March 31
- R20-2-760 - Compliance Surveys - June-Sept.
15

Survey Participation - Benefits

- Establish Affirmative Defenses
- Program specific benefits
 - Avg. vs. Per gallon, Additional test tolerance
- Standardized Compliance
- Lowest cost option
- RFGSA/EPA Interface
 - Compliance Streamlining

Methodology

- Program Development
- Survey Design
- Field/Lab Operations
- Quality Control

Program Development - Overview

- Examination of Regulations
 - Opportunities for more effective & efficient compliance
- Develop concept/plans
 - Present Options - Association/Industry/EPA - buy-in
 - Work - Industry Associations - make formal requests - interim approvals (Enforcement tools)
- Program Administration/Implementation
- Regulation – compliance optimization options

RFGSA Operations

Survey Design

- Survey Design Plans
 - Annually - Performance Based - Conservative
 - End user based
- Methodology – Statistical Design
 - “Representative” all gasoline
 - Market Share equivalent”
 - Sample selection - Random
 - Probability Proportional to Size (PPS)
 - Weighted – based on volume

Field Operations - Database

- Sources
 - Census/Program data/Fleet/CC sources/Members/Internet
- Structure - Strata/Clusters/by Program
 - Densely Populated Areas (DPA), Trans. routes, Rural
 - Clusters - Population, size, SS counts
 - Weighted (i.e. volumes)
- Dynamic - Updated - ongoing, full updates – (2-3 yrs.) - 2016

Field Operations

- Retail Sampling - End User
- Independent Contractors (IC's)
 - No “member” affiliation
- Web-based training Programs
 - “Certified” every two years - or not selected
- Problems in field - “Exceptions”
 - Performance audited & tracked

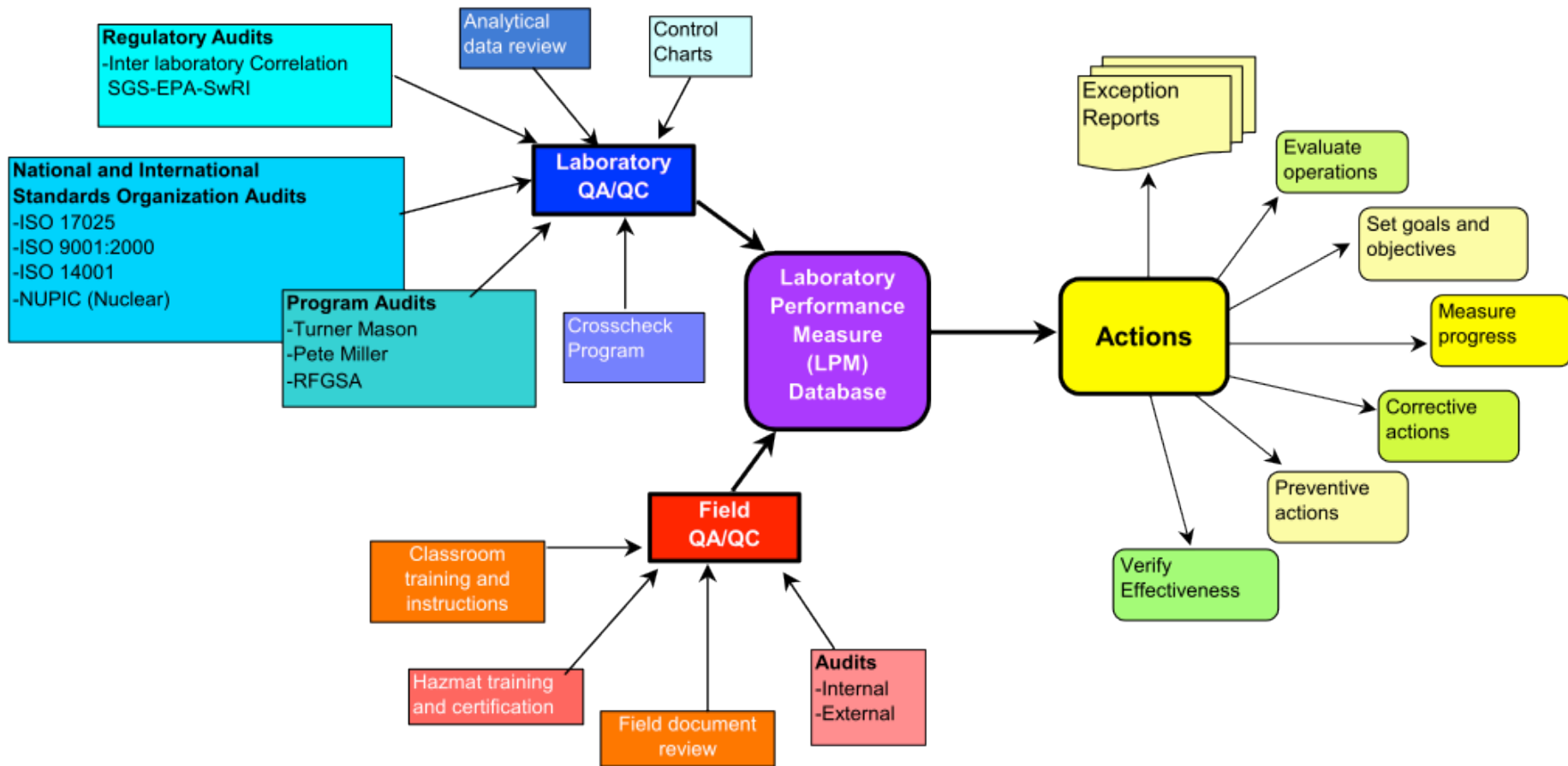
Lab Operations - Testing

- Independent Lab Operations
- Confidentiality agreements
- Tier III compliant
- ISO certified 9001 /17025 certified
- Designated Test methods
- EPA & QA Lab Correlation
- Automated
- Industry Resource

Reporting/Compliance System

- Reporting/Compliance done via website
 - Detail reports - direct retail
 - Aggregate - Industry tracking
 - Non-Compliance (PNC)
 - Expedited schedule
- Compliance system - document and respond Potential non-compliance (PNC's)

Quality Control Process



Audit Operations

- Field/Lab Operations
 - Independent auditors
 - EPA & QA Lab Correlation
 - Industry Correlations
 - Exceptions Tracking
- Training Issues
- Technical Committee Meetings
- RFGSA - Financial Audit

Funding/Dues

- Program participating companies
- Minimum program dues
- Dues basis - volume/per site fee/other
- Estimated expenses
- Annual Reconciliation - “verified” - actual expenses - estimates (pgm)
- Annual Financial Audit RFGSA

Summary

Why Does it Work ?

- Alternative Industry fuel compliance options - designed/implemented by the RFGSA - Very Successful - based on objectives
- Win/Win - Industry and EPA
 - Industry - Flexibility/Efficient compliance
 - EPA - Effective Compliance/better information on conformance - company/industry level
- More effective vs. individual company compliance

Summary

Why does it Work ?

- RFGSA Independence
- Robust methodology
- Turn Key Solution
- Transparent compliance
- Voluntary participation
- Industry funded
- Internal/External Oversight
 - Board, Tech Comm, Annual Audits

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