

Cellulosic Biofuel/Renewable Fuel Standard: U.S. Energy Information Administration Report Addresses Renewable Natural Gas Production



Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

12/12/2023

The United States Energy Information Administration (“EIA”) published a December 11th report entitled: *New Renewable Fuel Standard Volume Targets Facilitate Renewable Natural Gas Production (“Report”)*

The EIA *Report* discusses the June 21st Environmental Protection Agency (“EPA”) final rule establishing biofuel volume requirements and standards for cellulosic biofuel for 2023-2025 as part of the Renewable Fuel Standard (“RFS”) program.

The RFS was created under the Energy Policy Act of 2005 which amended the Clean Air Act. The Energy Independence and Security Act of 2007 further amended the Clean Air Act by expanding the RFS program. EPA implements the program in consultation with the United States Department of Agriculture and the Department of Energy.

The RFS program requires that a certain volume of renewable fuel is mandated to replace or reduce the quantity of petroleum-based transportation fuel, heating oil, or jet fuel.

The four renewable fuel categories under the RFS are:

- Biomass-based diesel
- Cellulosic biofuel
- Advanced biofuel
- Total renewable fuel

EPA is provided the authority to adjust cellulosic, advanced, and total volumes set by Congress as part of the annual rule process.

To constitute a renewable fuel under the RFS program EPA must determine that the fuel qualifies under the federal statute and regulations.

Gasoline and diesel-fuel refiners are required to annually purchase a set amount of renewable fuels. They submit renewable fuel credits to EPA in order to demonstrate that they have attained the annual obligations. Such credits are denominated renewable identification numbers (“RIN”). A single RIN is generated for each gallon of fuel generated in the RFS program.

Cellulosic biofuel is described as any fuel derived from cellulose, hemicellulose, or lignin (i.e., nonfood-based renewable feedstocks). These feedstocks can include crop residues, wood residues, dedicated energy crops, and industrial and other wastes.

Examples are energy crops that are purposely grown on marginal lands that may not be appropriate for other crops. In the alternative, they may be waste products.

The December 11th EIA *Report* notes that the cellulosic biofuel category primarily applies to renewable natural gas (“RNG”). RNG is a form of natural gas made from biogas.

EPA is stated to have increased under the RFS program volume targets for cellulosic biofuel by 25% to 844 million gallons in 2023. Targets in 2024 and 2025 are 1.09 billion (increase of 29%) and 1.38 billion in 2025 (increase of 33%), respectively.

Such annual volumes of targets for cellulosic biofuel are projected to help increase RNG production in the United States.

The *Report* notes that:

. . . Nearly all RINs related to RNG production are in the cellulosic biofuel category, according to 2022 EPA data, and RNG production is responsible for 99% of the total cellulosic biofuel RINs generated.

Further, RNGs share of natural gas consumed as vehicle fuel is deemed significant since in order to meet RNG volume targets for cellulosic biofuel it must be used as a transportation fuel.

A copy of the *Report* can be downloaded [here](#).