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**From:** Jack Barrow [jack.barrow@btr.energy]  
**Sent:** 8/11/2017 3:03:19 PM  
**To:** Kelly, Albert [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=08576e43795149e5a3f9669726dd044c-Kelly, Albe]  
**CC:** Frank.Keating@hklaw.com; Jim Lemon [jim.lemon@btr.energy]; Michael Lemon [mlemon@btr.energy]; Darwin, Veronica [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bc98aaf2f15a466baede3dab0e27a35e-Darwin, Ver]  
**Subject:** Regulatory Analysis for e-RINS (BTR Energy)  
**Attachments:** Excerpts concerning EPA ability to implement eRIN pathway.docx

Mr. Kelly,

Below is more information about the regulations and political landscape for the e-RIN program. I apologize for another long email, but I'm trying to be as complete and thorough as possible. To put it simply, however, moving the ball forward on this program could be as easy as having a meeting with you and the appropriate Office of Transportation and Air Quality (OTAQ) staff, including Christopher Grundler (the director), Ben Hengst, Madison Le, and Paul Machiele. We are happy to make our way over to EPA any time that's convenient.

As an aside, Jim and I just spoke with his family friend Mr. George Krumme earlier yesterday. Mr. Krumme has been supportive of our goals of developing agricultural anaerobic digesters as a way to turn waste into energy. We mentioned that we had the opportunity to visit with you briefly, and he told us he knew all the Kelly brothers of his generation and spoke very highly of your family. Small world!

Anyway, let me know about lunch next week or the following. I would be delighted to meet you in person.

Have a wonderful weekend.

Best,  
Jack

#### **Overview of rules and regulations for the e-RIN program**

The attached document titled "Excerpts Concerning EPA Ability to Implement eRIN Pathway" has all the language from previous rules and regulations that support the conclusions I've bulleted out below. The short version is that the 2014 Final Rule ([found here](#)) allows EPA to approve BTR's application on its merits. So, in order to realize all the benefits that we discussed yesterday and that I highlighted in my first follow-up email, EPA would simply need to:

1. Approve our application (filed under Bridge to Renewables, Benefit LLC), which would likely just require a series of meetings (we would engage with staff to work out the details and make the appropriate registrations); AND,
2. Adjust the "renewable volume obligation" for 2018 to account for the credits we'd expect to produce. Again, we would work closely with staff to get to an accurate projection, but we think our application would likely add around 8 million RINs.

Both of these actions are executed by the OTAQ staff. The deadline to [adjust the proposed RVO](#) is November 30th.

EPA could also issue the "guidance" document we shared along with the approval, just to be abundantly thorough, though we don't think that's entirely necessary, and it may in fact complicate the process. But we wanted to share it with you for reference.

#### **Conclusions we've drawn based on EPA statements included in the document attached below**

- In November 2016, EPA issued a Proposed Renewables Enhancement and Growth Support (REGS) rule that covered a variety of issues. In the preamble of the proposed REGS rule, EPA stated clearly it was seeking input on the approach to RIN generation for renewable electricity that would best further the goals of the RFS program, but was not proposing a preferred approach. EPA also stated clearly it was seeking comment on how best to implement and/or revise the RFS regulations pertaining to the generation of RINs for renewable electricity but was not proposing changes to those regulations.
- Because no "eRIN" regulatory amendments were included in the proposed REGS rule, EPA may implement its existing regulations, as finalized on July 18, 2014.
- When implementing the existing regulations, EPA may give priority to approving applications for generating RINs that are compliant with existing regulations and "best achieve the greater goals of the RFS program," which our application would because of our work with animal agricultural industries and because we are supported by the large, traditional auto manufacturers, like GM and Chrysler. As a Benefit LCC, we exist to make this program a success for the industries we serve.

- The Administrator may approve such priority applications even if their approval may preclude, in whole or part, temporarily or permanently, the approval of one or more other pending applications that would not, in the Administrator's judgement, best achieve those same goals.
- "EPA and stakeholders will benefit from experience in implementing the current regulatory provisions before adopting significant modifications." This implies a good course of action would be to approve a single application that brings a large portion of the market to bear -- like BTR's -- for the time being.

### **Political Landscape for the e-RIN Program**

The last point that I mentioned on the phone but think is worth reiterating: the RFS can be a polarizing program, but this part of it -- the e-RIN pathway -- shouldn't be. This is a relatively small but highly valuable and Congressionally approved pathway that's worthy of being implemented, particularly because ***the benefits to the farms we work with and their surrounding communities are material*** (see the testimony and letters I sent in my last email for reference).

We just read about Administrator Pruitt's work with the Great Lakes Initiative to prevent algae blooms from nutrient runoff, for example. Encouraging farms to manage manure through anaerobic digestion would further that work and would reduce odors in animal agricultural communities, all while making the farm more profitable and creating jobs. That's why Secretary Perdue's team at USDA is excited by this opportunity and why the President should be.

If you're looking for "bang-for-your-buck," approving BTR's RFS e-RIN application should be the top of the list, in our view. And we can execute on it with the stroke of a pen.

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Jack Barrow  
Co-Founder | [BTR Energy](#)

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