

# Cellulosic Waiver Credit Price Calculation for 2021 and 2022

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For any calendar year for which the projected volume of cellulosic biofuel production is less than the applicable volume of cellulosic biofuel set forth in Clean Air Act (CAA) section 211(o)(2)(B)(III), EPA must reduce the required volume of cellulosic biofuel for that year to the projected volume, and must provide obligated parties the opportunity to purchase cellulosic waiver credits (CWC). The price of these credits is determined using a formula specified in the CAA.<sup>1</sup> The cellulosic waiver credit price is the greater of \$0.25 or \$3.00 minus the wholesale price of gasoline, where both the \$0.25 and \$3.00 are adjusted for inflation. In a rule published in April 2015,<sup>2</sup> EPA stated our intention to announce future CWC prices by posting a notice on our “Renewable Fuels: Regulations & Standards” website. This document serves the required notice that the CWC price for 2021 is \$2.23 and the CWC price for 2022 is \$2.31.

To determine the CWC price, EPA first determines the average wholesale (refinery gate) price of gasoline using the most recent twelve monthly values for U.S. Total Gasoline Bulk Sales (Price) by Refiners as provided by the Energy Information Administration (EIA) that are available as of September 30 of the year preceding the compliance period.<sup>3</sup> For 2021, the most recent 12 months for which data were available as of September 30, 2020 covers July 2019 through June 2020. For 2022, the most recent 12 months for which data were available as of September 30, 2021 covers July 2020 through June 2021. The data can be found at: ([https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMA\\_EPM0\\_PBR\\_NUS\\_DPG&f=M](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMA_EPM0_PBR_NUS_DPG&f=M)) and are summarized below in Tables 1 and 2.

**Table 1 – Wholesale Gasoline Prices for 2021 CWC Calculation**

| <b>Month</b>   | <b>Average Price</b> |
|----------------|----------------------|
| July 2019      | \$1.882              |
| August 2019    | \$1.739              |
| September 2019 | \$1.752              |
| October 2019   | \$1.713              |
| November 2019  | \$1.668              |
| December 2019  | \$1.638              |
| January 2020   | \$1.662              |
| February 2020  | \$1.563              |
| March 2020     | \$1.100              |
| April 2020     | \$0.579              |
| May 2020       | \$0.816              |
| June 2020      | \$1.117              |
| <b>Average</b> | <b>\$1.436</b>       |

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<sup>1</sup> CAA section 211(o)(7)(D)(ii).

<sup>2</sup> 80 FR 18136.

<sup>3</sup> 40 CFR 80.1456(d)(2).

**Table 2 – Wholesale Gasoline Prices for 2022 CWC Calculation**

| <b>Month</b>   | <b>Average Price</b> |
|----------------|----------------------|
| July 2020      | \$1.221              |
| August 2020    | \$1.216              |
| September 2020 | \$1.216              |
| October 2020   | \$1.203              |
| November 2020  | \$1.148              |
| December 2020  | \$1.311              |
| January 2021   | \$1.515              |
| February 2021  | \$1.694              |
| March 2021     | \$1.914              |
| April 2021     | \$1.967              |
| May 2021       | \$2.101              |
| June 2021      | \$2.126              |
| <b>Average</b> | <b>\$1.553</b>       |

The CAA requires that EPA adjust for inflation the comparison values of \$0.25 and \$3.00 in the CWC price formula. EPA must compare the inflated \$0.25 value with the amount the inflated \$3.00 value exceeds the average wholesale price of gasoline. EPA is required to use the greater of the two values as the price for the CWCs.

EPA evaluated inflation by using the Unadjusted Index values from the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, for the All Items expenditure category as provided by the Bureau of Labor and Statistics, for the months of January 2009 (the first comparable value after 2008) and June 2020 (for the 2021 CWC price calculation) and June 2021 (for the 2022 CWC price calculation), as specified in 40 CFR 80.1456(d)(3). These unadjusted indexes are used to calculate an Inflation Factor for each year, as shown in Table 3 below. Finally, we compare \$0.25 (inflation adjusted) to \$3.00 (inflation adjusted) minus the average wholesale price of gasoline during the most recent twelve months for which available as of September 30 of the year preceding the compliance period (July 2019 – June 2020 for the 2021 CWC price and July 2020 – June 2021 for the 2022 CWC price). The greater of these values is the price for the cellulosic waiver credits.

**Table 3 – Inflation Adjustments**

| <b>Month</b> | <b>Unadjusted Index<sup>4</sup></b> |
|--------------|-------------------------------------|
| January 2009 | 211.143                             |
| June 2020    | 257.797                             |
| June 2021    | 271.696                             |

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<sup>4</sup> Information available at: <https://www.bls.gov/cpi/data.htm>.

**Table 4 – Inflation Factors**

| <b>CWC Year</b> | <b>Months</b>         | <b>Equation</b>               | <b>Inflation Factor</b> |
|-----------------|-----------------------|-------------------------------|-------------------------|
| 2021            | Jan. 2009 – June 2020 | $1+(257.797-211.143)/211.143$ | 1.221                   |
| 2022            | Jan. 2009 – June 2021 | $1+(271.696-211.143)/211.143$ | 1.287                   |

**Table 5 – Cellulosic Waiver Credit Price Calculations**

| <b>CWC Year</b> | <b>\$0.25 (Inflation Adjusted)</b> | <b>\$3 (Inflation Adjusted) Minus Wholesale Price of Gasoline</b> | <b>CWC Price (Larger of the two values, rounded to the nearest cent)</b> |
|-----------------|------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|
| 2021            | $\$0.25 \times 1.221 = \$0.31$     | $(\$3.00 \times 1.221) - \$1.436 = \$2.227$                       | \$2.23                                                                   |
| 2022            | $\$0.25 \times 1.287 = \$0.32$     | $(\$3.00 \times 1.287) - \$1.553 = \$2.308$                       | \$2.31                                                                   |

As shown in Table 5, using the data sources for the inflation adjustment that are specified in this announcement results in a CWC price of \$2.23 for 2021 and a CWC price of \$2.31 for 2022.