

EDUCATIONAL SERIES BRIEFING NO. 11: A RECAP OF THE RFS & RINS

by Clayton McMartin

Profitability of today's fuel supplier is impacted by how well they understand the regulations that they operate within. Recognizing this, we have provided a series of briefings to help you better understand the regulatory arena you are operating in today, and that you face tomorrow.

Over the past several weeks we have covered several topics related to the renewable fuel standard (RFS) and the credit known as the Renewable Identification Number (RIN). In this wrap-up briefing we will recap the key points and hopefully tie many of these concepts and principals together, giving you a better understanding of how to profit from your new found knowledge.

In Briefing #1 we started with an explanation of what the renewable fuel standard (RFS) is and learned that it is a mandate for the use of renewable fuels.

Briefing #2 then explained the principal behind the 38-digit Renewable Identification Number (RIN) and the important information that can be found in those digits.

In Briefing #3 we started at the beginning of the supply chain to learn that RINs come from producers and importers of renewable fuels. We then focused our attention to the end of the supply chain in Briefing #4 to see how obligated parties would use RINs to satisfy their obligations.

Since in reality, renewable fuel often moves through numerous parties before reaching the end of the supply chain, we moved our attention in Briefing #5 to how RINs are tracked. We saw how the RIN is carried from one party to the next through the supply chain and how EPA utilizes this information to assure compliance.

Since RINs can exist in two different states, either assigned to physical fuel or separated from fuel, we covered this important subject in Briefing #6. We covered the criteria necessary to separate RINs from the fuel and therefore make them a tradable paper credit.

In Briefings #7 through #9 we focused more on the market for RINs, investigating who would want to own RINs for investment purposes, what vintage year RINs are valid and their limitations. And then we moved on finally to the market factors that influence RIN prices.

In our most recent Briefing #10, we took our first high level look at how the advanced renewable fuel standard (RFS2) came to be and how it will bring even more complexities and opportunities to those in the motor fuel industry.

As you recognized, the involvement of government in your business is becoming more prevalent with each coming year. Regulatory changes like we have seen with the renewable fuel standards present challenges but also opportunities for those who take the initiative to learn about the factors impacting

their business. These fuel standards are a part of business today and will be well into the foreseeable future.

Clayton McMartin is the President of the Clean Fuels Clearinghouse and the founder of the RINSTAR® renewable fuel registry. Hundreds of companies process renewable fuel and RINs on RINSTAR® each day. More information about the company is available at www.CFCH.com or by calling (575) 377-3369.