OPIS Ethanol & Biodiesel Information Service

Pricing, News and Analysis for Buying and Supplying Ethanol-Blended Fuel and Biodiesel

Ethanol Futures (cts/gal contract price)

	April 2017	May 2017	June 2017	July 2017
CBOT	150.70	152.50	152.80	153.00
		Settlement Thur	sday March 2 2017	Source: Chicago Board of Trade

Ethanol & Gasoline Component Spot Market Prices

U.S. RINs (prices in U.S. \$/RIN)

	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
U.S. Ethanol	RINs					
Current Yr	0.4600-0.4950	0.4600-0.4750	0.3000-0.4500	0.3700-0.3800	0.3250-0.3800	0.40950
Previous Yr	0.4600-0.4850	0.4550-0.4700	0.2950-0.4450	0.3650-0.3750	0.3200-0.3800	0.40500
U.S. Cellulos	sic RINs					
Current Yr	2.6500-2.6800	2.6500-2.6800	2.6500-2.6800	2.6500-2.6800	2.6500-2.6800	2.66500
Previous Yr	2.2000-2.2800	2.2000-2.2800	2.2000-2.2800	2.2000-2.2800	2.2000-2.2800	2.24000
U.S. Biodies	el RINs					
Current Yr	0.8850-0.9150	0.8850-0.9100	0.7000-0.9000	0.8400-0.8700	0.8100-0.8500	0.85650
Previous Yr	0.8000-0.8300	0.8050-0.8200	0.6600-0.8400	0.7900-0.8000	0.7500-0.7900	0.78850
U.S. Advanc	ed Biofuel RINs					
Current Yr	0.8800-0.9000	0.8750-0.9000	0.6300-0.8300	0.7700-0.8000	0.7600-0.8000	0.81450
Previous Yr	0.7900-0.8100	0.7950-0.8100	0.5900-0.7700	0.7200-0.7600	0.7100-0.7500	0.75050

Chicago (prices in U.S. \$/gal.)

	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.4850-1.4900	1.4850-1.4875	1.4925-1.5400	1.4925-1.5100	1.4200-1.4800	1.48825
DP ETH	1.4800-1.4850	1.4825-1.4850	1.4950-1.5400	1.5000-1.5200	1.4350-1.4650	1.48875
B100 SME	3.0400-3.2200	3.0400-3.2200	3.0700-3.2500	3.0500-3.2300	3.0000-3.1800	3.13000
RBOB Unl	1.4948-1.5198	1.5667-1.5967	1.5869-1.6319	1.5705-1.6005	1.5533-1.5658	1.56869
RBOB Pre	1.7548-1.7798	1.8267-1.8567	1.8194-1.8644	1.8030-1.8330	1.7858-1.7983	1.81219
CBOB Unl	1.4798-1.5048	1.5517-1.5817	1.5444-1.5894	1.5280-1.5580	1.5108-1.5233	1.53719
ULSD	1.5654-1.5854	1.5783-1.5883	1.6099-1.6149	1.5991-1.6141	1.5541-1.5741	1.58836

Chicago Rule 11 (prices in U.S. \$/gal.)

	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Current Yr	1.4800-1.5000	1.4725-1.4900	1.4900-1.5350	1.4900-1.5100	1.4400-1.4700	1.48775
			0	0.6		

See page 2 for more spot pricing locations >

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March 6, 2017 • Volume 14, Issue 10

Ethanol Market Overview: Ethanol slides off rumor-filled rally

The last week started off as a wild one for the U.S. biofuels industry as rumors, apparent confirmations and ultimately denials that the Trump administration was set to issue an executive order moving Renewable Fuel Standard compliance downstream crunched RIN credit values and whipped ethanol around.

Most ethanol bulk markets remained quiet early last week, but trading in the Chicago-area for nearby in-tank spot material exited February with a rally of more than a nickel on trade talks that touched \$1.54/gal. As things cooled and wild RIN price swings flattened, ethanol again worked lower and by presstime Chicago volume that could be transferred in the current week again moved south of middle \$1.40s/gal. Late word of \$1.435/gal getting done on volume available early this week had prices retreating more than a dime from the highs reached early in the week and as much as 6cts down from week ago trading.

While the Argo market teetered near flat for this or next-week transfers for several days, sources at presstime reported some renewed nearby contango, with the cheapest quotes showing up for dead-prompt transfers and any-March volume up several cents from the prompts.

Ethanol price moves early last week occurred amid Washington rumors of a grand bargain that would have President Donald Trump issue

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Ethanol & Gasoline Component Spot Market Prices (prices in U.S \$/gal.)

			Gulf Coast		(p.1000 010	<i>•</i> , gan,
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.5300-1.5500			1.5400-1.5700	1.4800-1.5300	1.54100
B100 SME				2.9500-3.1300	2.9000-3.0800	3.03000
RBOB Unl				1.5030-1.5155	1.4633-1.4783	1.53878
RBOB Pre				1.6830-1.6955	1.6433-1.6583	1.71678
CBOB Unl				1.4805-1.4930	1.4508-1.4658	1.51853
Unleaded	1.5715-1.5790			1.5205-1.5255	1.4833-1.4883	1.55178
ULSD	1.6157-1.6177			1.5891-1.5901	1.5456-1.5471	1.59392
61ULSD	1.6157-1.6177		· ·	1.5891-1.5901	1.5456-1.5471	1.59392
010200	1.0137-1.0177		New York	1.5051-1.5501	1.0400-1.0471	1.00002
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg
Ethopol						
Ethanol	1.5700-1.5900	1.5750-1.5850	1.5800-1.6100	1.5750-1.6100	1.5200-1.5500	1.57650
ITT ETH	1.5700-1.5900	1.5700-1.5900	1.5800-1.6100	1.5750-1.6100	1.5200-1.5500	1.57650
Ethanol Fwd	1.5900-1.6100	1.5950-1.6075	1.6000-1.6250	1.6150-1.6250	1.5850-1.5950	1.60475
B100 SME	3.0400-3.2200	3.0400-3.2200	3.0700-3.2500	3.0500-3.2300	3.0000-3.1800	3.13000
RBOB Unl	1.4773-1.4873	1.5027-1.5127	1.4870-1.4970	1.4405-1.4505	1.3883-1.3983	1.46416
RBOB Pre	1.5598-1.5698	1.5777-1.5877	1.5570-1.5670	1.5205-1.5305	1.4858-1.4958	1.54516
CBOB Unl	1.4773-1.4873	1.5067-1.5167	1.4880-1.4980	1.4530-1.4630	1.4008-1.4108	1.47016
CBOB Pre	1.5598-1.5698	1.5777-1.5877	1.5570-1.5670	1.5255-1.5355	1.4908-1.5008	1.54716
ULSD	1.6329-1.6429	1.6324-1.6424	1.6133-1.6233	1.6041-1.6141	1.5616-1.5716	1.61386
			Los Angeles			
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg
Ethanol	1.7000-1.7200	1.6800-1.7200	1.6700-1.7200	1.6600-1.7000	1.6000-1.6600	1.68300
CARBOB - R	1.8565-1.9065	1.8117-1.8617	1.8494-1.8769	1.7830-1.8180	1.7883-1.8183	1.83703
CARBOB - P	2.0965-2.1465	2.0517-2.1017	2.0894-2.1169	2.0230-2.0580	2.0283-2.0583	2.07703
ULSD	1.6757-1.6857	1.6633-1.6733	1.6299-1.6399	1.6241-1.6341	1.5791-1.5891	1.63942
		Ne	braska (fob Ra	nilcar)		
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.3900-1.4050	1.3700-1.4000	1.3900-1.4100	1.3800-1.4100	1.3300-1.3800	1.38650
			Tampa			
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.6900-1.7200	1.6700-1.7200	1.6900-1.7100	1.6800-1.7100	1.6200-1.6900	1.69000
LUIATIO	1.0900-1.7200	1.0700-1.7200		1.0000-1.7100	1.0200-1.0900	1.09000
			Dallas			
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.5300-1.5700	1.5200-1.5700	1.5400-1.5700	1.5400-1.5700	1.4900-1.5400	1.54400
			San Francisc			
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.7000-1.7200	1.6800-1.7200	1.6700-1.7200	1.6600-1.7000	1.6000-1.6600	1.68300
		P	Pacific Northw	est		
	Fri. 02/24	Mon. 02/27	Tues. 02/28	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
Ethanol	1.6100-1.6300	1.6050-1.6150	1.6000-1.6400	1.6100-1.6400	1.5500-1.5900	1.60900
			w Carbon Fue			
arbon Credit:	: \$/MT; Carbon Inten			• ·		•
Parh Cradit	Fri. 02/24	Mon. 02/27	Tues. 02/28 93.000-94.000	Wed. 03/01	Thurs. 03/02	Wkly. Avg.
CL Pts (93.000-95.000		91.000-93.000	89.000-92.000	92.9000
			0.00758-0.00766	0.00742-0.00758	0.00725-0.00750	0.007571
CC Dsl		0.0446-0.0456	0.0520.0.0525	0.0437-0.0446	0.0427-0.0442	0.04458
1111-220	110535-0.05/11	110520-0106/11	111570-111526	0.0518-0.0500	0.0506-0.0599	1115-286

CC Gas

CC Dsl 95

CC Gas 90

0.0535-0.0541

0.0429-0.0433

0.0481-0.0486

0.0529-0.0541

0.0424-0.0433

0.0476-0.0486

0.0529-0.0535

0.0424-0.0429

0.0476-0.0481

0.0518-0.0529

0.0415-0.0424

0.0466-0.0476

0.0506-0.0523

0.0406-0.0420

0.0456-0.0471

0.05286

0.04237

0.04755

Methodology and Definitions:

OPIS derives ethanol, gasoline and biodiesel prices from many means, including surveying buyers and sellers via phone/e-mail, and receiving postings electronically from producers and purchasers. While OPIS makes best efforts to ensure the accuracy and timeliness of its prices, it in no way guarantees either the accuracy or timeliness of any of the data included herein. Definitions are as follows:

Ethanol Spot Price (Bulk Barge/Rail): These are large quantity pure ethanol deals transacted or being discussed in certain FOB markets.

Brazil Ethanol: Undenatured anhydrous ethanol cargoes, FOB Brazil terminals for export, typically 50,000 bbl or more available 5-30 days from the date of publication. The assessment generally reflects price at the Santos export terminal, though others may be used for assessment purposes.

Block Term Contract Values: These are the three-to-six month contract deals between large buyers and sellers of pure ethanol. Some are done as fixed, and those deals are reported in the "Fixed" column. Other deals are done based on a differential to certain gasoline benchmarks (usually conventional spot unleaded). Those formulae are tracked and reported by market each week in the "Formula"column and calculated (based on the closing Thursday price of the gasoline benchmark) to arrive at a "Formula Calculated" price. All deals ("Fixed" and "Formula") are reported from a weighted average survey.

Bulk Truck Spot Prices (Rack): These are the prices for truck quantities of pure ethanol at storage points in the given market. These prices are not posted – they are offered to buyers given supply and demand dynamics at prices discovered and published by OPIS.

Splash Blend Rack Prices: These are the average of the Thursday closing price that producers and resellers are posting at various rack locations. Typically prices are for small quantities that marketers pull to blend into gasoline to create and deliver ethanol-blended gasoline to accounts.

Splash Blend Producer Prices: These are the average of the Thursday closing price that producers (not resellers) are posting at various rack locations. Typically prices are for small quantities that marketers pull to blend into gasoline to create and deliver ethanol-blended gasoline to accounts.

Low Carbon Fuel Standard Credits: Traded in U.S. dollars per metric ton of carbon dioxide (CO2), this represents the daily traded price range or range of bids and offers on carbon credits generated for compliance under California's Low Carbon Fuel Standard program implemented by the California Air Resources Board. Trading is for credits transferable in the current calendar year, until the last month of the year when deals for the following year may also be considered.

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an executive order to move the RFS point of obligation from refiners to rack blenders in exchange for a 1-lb RVP waiver from EPA for E15 ethanol blends. Those reports quickly crushed RIN credit values by more than 35% on Tuesday morning. Trades for the 2017 D6 ethanol credit slid to 30cts/ RIN before rumors were quashed -- for now -- by the White House and values recovered somewhat to the 37-40cts/ RIN area by midweek. Still, by all accounts the RIN market remained touchy and volatile.

However, ethanol players had much more to consider than the RFS question. In what might be described as a tug-of-war between lately rallying corn prices and ever-heavier inventory depicted by weekly EIA industry figures. The Argo market got some helpful news with reports that Kinder Morgan would halt its redirection of ethanol trucks from its Argo facility that it began in mid-February late Friday, March 3. It was a move to handle inventory in its system and it suggests Argo ethanol inventory and deliveries are now at easier-to manage-levels.

Some of the pop in ethanol through the first half last week was pegged to corn that saw some stiff rallies on the CBOT, but the pressure from corn had a counterweight in the billowing ethanol inventory that added another 422,000 bbl over the latest EIA report week ended Feb. 24, to 23.091 million bbl. That put U.S. supply up 2.1% from a year ago to the third-highest level on record. Most of the weekly build, however, came from Gulf Coast storage, where stocks swelled by 557,000 bbl, to 4.393 million bbl.

Sources point out that Gulf Coast ethanol inventory can be very volatile because it is a jumping off point for exports, so

they expect the supply swell there is mostly from shipping delays that will quickly come to an end.

Plants collectively kept output steady from week-to-week, at 1.034 million b/d, but blender inputs ticked up 14,000 b/d, to 882,000 b/d, right where EIA had it at the same time last year. At the same time, conventional gasoline blended with ethanol at 5.59 million b/d trailed the same time last year by 1.2% though it added a slight 0.85% on the week with the addition of 47,000 b/d.

There remain rail problems that the market is still dealing with, especially for material moving west. Weather has caused rail issues to the Pacific Northwest since December and some think it might be several weeks or more until shipping to the region is on a normal schedule again.

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U.S. biodiesel output hits new high in 2016, EIA data reveals

Domestic biodiesel plants in the U.S. pumped out a record volume of the biofuel last year, according to the Energy Information Administration, boosting output more than 23.5% from 2015 and closing out last year on a roll, with December production that matched the all-time monthly high.

Biodiesel plants made 1.566 billion gal in 2016, up from the 1.268 billion gal EIA recorded for 2015, but also 15.2% more than the industry's previous all-time high reached in 2013, when plants made an estimated 1.359 billion gal. Biodiesel production has not had it easy since the industry hit its

In Key Markets

			Ethanol	Buying Prices			
City, State	Ethanol Spot Price (Bulk Barge/Rail)	Blocl Fixed	k Term Q2-Q3 Co Formula	ontract Values Formula (calculated)	Bulk Truck Spot Prices (rack)	Splash Blend Rack Price	Splash Blend Producer Prices
Albany, NY	151.00	147.50			154.00	N/A	N/A
Houston, TX	150.50	148.00	NYMEX RBOB Unl 13	177.33	154.50	N/A	N/A
New Haven, CT	157.00	153.25	NYMEX RBOB Unl 18.75	183.08	N/A	N/A	N/A
New York, NY	153.50	149.75	NYMEX RBOB Unl 15.25	179.58	157.50	N/A	N/A
Chicago, IL	145.00	141.00	NYMEX RBOB Unl 6.5	170.83	149.00	150.00	150.00
Louisville, KY	146.50	N/A	N/A	N/A	151.00	N/A	N/A
Minneapolis, MN	143.00	N/A	N/A	N/A	146.50	157.52	154.50
St. Louis, MO	147.00	142.00	NYMEX RBOB Unl 7.5	171.83	152.00	190.22	N/A
Los Angeles, CA (79.9)	163.00	156.50	NYMEX RBOB Unl 21.5	185.83	170.50	N/A	N/A
Phoenix, AZ	151.50	153.00	NYMEX RBOB Unl 18	182.33	156.00	160.00	160.00
San Francisco, CA (79.9)	163.00	156.50	NYMEX RBOB Unl 21.5	185.83	170.50	N/A	N/A
Pacific Northwest	157.00	N/A	N/A	N/A	N/A	N/A	N/A

Ethanol Truck & Spot Prices

City, State	Spot Prices (Rack)	Rack Price	Producer Prices
Cleveland, OH	150.00	172.85	N/A
Decatur, IL	147.00	N/A	N/A
Des Moines, IA	142.50	156.40	153.71
Doniphan, NE	138.00	156.33	154.00
Fargo, ND	139.50	156.90	156.35
Indianapolis, IN	150.00	N/A	N/A
Kansas City, KS	147.00	158.07	156.65
Madison, WI	150.00	164.79	N/A
Omaha, NE	140.50	156.61	154.46
Peoria/Pekin, IL	146.00	N/A	N/A
Sioux City, IA	142.00	156.70	153.67
Sioux Falls, SD	143.00	151.16	151.40
Topeka, KS	147.00	160.07	155.65
Wichita, KS	148.00	157.99	154.81
Denver, CO	151.00	168	N/A

previous record in 2013, in fact, the following year output dropped 6.5% and actually slipped by 0.24% in 2015.

The 2016 record rebound was ensured by a huge fourth quarter in biodiesel producer activity. Two out of the three months in the quarter saw monthly output reach a record 143 million gal, including December, and November output came in at 142 million gal with the entire quarter at 428 million gal – 33.8% more than the year-ago quarter produced.

EIA estimates that in December annual production capacity for the U.S. biodiesel industry totaled 2.296 billion gal, up 13.2% from 2.029 billion gal in December 2015. The surge in production over the second half of last year is largely linked to the end-of-year expiration of the \$1/gal federal blender tax credit and the growing realization it would not be renewed by Congress before it expired. That fact likely encouraged producers to hustle so blenders could beat the clock.

The sales breakdown for December had 84 million gal of biodiesel sold as "pure" unblended B100, up 13.5% month-to-month and 31.3% more than a year ago. B100 sales also continued to outpace sales of biodiesel as a blend with petroleum, as they have since June, with 75 million gal sold as a blend adding 21% on the month and 53.1% higher than during the same month of 2015.

The jump in production also involved more regional diversity, with bigger gains coming from outside the core Midwest area. EIA reported that 63% of all biodiesel made over December still came from Midwest plants, but that is down from 67% in November and well below the 72% of production that the region accounted for a year ago.

In fact, the regional breakdown had Midwest biodiesel output actually slumping in December, down 5.26%, or 5 million gal, to 90 million gal – though that was still 15.4% higher in the year-on-year comparison. That month-tomonth drop in the Midwest was covered by a 14.8% jump in monthly output from Gulf Coast plants, which produced at their highest rate ever to make 31 million gal, up 55% from the same time last year. East Coast plant output at 8 million gal in December also gained more than 14% on the month, but producers in that region have operated at between 7 million–8 million gal all year, though December was up 33.3% from the December 2015.

West Coast plants held steady from the month before, again making 13 million gal to close out 2016, but that rate more than tripled year-ago output.

For all of 2016, Midwest producers made 1.058 billion gal of biodiesel, or about 67.5% of the annual U.S. total. That is up 18.7% from 2015 output when plants in the region made 70.3% of the nation's biodiesel. Midwest plans accounted for more than 71.8% of all output in 2014.

From 2014 to 2015, biodiesel production did not expand significantly in most regions, but all regions outside the Rockies ran up big output gains last year. At 295 million gal, the Gulf Coast is the nation's second-leading biodiesel production region and last year it produced 39.2% more than in 2015. West Coast plants made 125 million gal in 2016, up 27.6% year on year and 54.3% more than in 2014. East Coast production climbed 39.1% from 2015, amounting to 89 million gal last year.

Meantime, the agency pegged some 1.051 billion pounds of feedstocks used to produce biodiesel in December. Soybean oil still made up the majority of feedstock, with producers using 610 million pounds, edging up 2.4% on the month to make up 58% of the total. The growing popularity of corn oil remained in place, though at 135 million pounds in December it eased 1 million pounds lower than the record level in November but remained the second-most utilized feedstock. Corn oil use is up 35% year-to-year.

And while plants used 5.1% less recycled yellow grease month-to-month, the 112 million pounds used in December is 5.66% more than the same time last year.

Soybean oil feedstocks totaled 6.096 billion pounds during 2016, up 24.2% from 2015, while corn oil use climbed 23.6% from the year before total 1.306 million pounds. Yellow grease amounted to 1.389 million pounds of feedstock in 2016, 10.8% above the 2015 level.

Despite December records, indications are that biodiesel production has dropped sharply since the end of last year, a development that is not surprising given the big run up to, and let down after, the tax break expired.

The latest indications from Renewable Identification Number credits in the EPA Moderated Transaction System had RIN-producing biomass-based diesel in January indicating a 63% slide from December. Calculations from EMTS figures extrapolate about 87 million gal of biodiesel made in January – a 71% collapse from the record-high production level also indicated by EPA for the previous month.

The EIA, which began tracking biodiesel production in 2009, releases its report on the last business day of each month. The December report which hit the street last week said its figures came from 96 U.S. biodiesel plants with operable capacity during the report month, which is down from the 97 counted the month before in November but up from 94 the agency noted a year ago.

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ICM to turn its Abengoa Colwich buy into 'state-of-the-art' ethanol plant

ICM Inc. will build a state-of-the-art ethanol plant at the site of Abengoa Bioenergy plant in Colwich, Kan., a company official said Thursday at the Advanced Bioeconomy Leadership Conference (ABLC) in Washington.

ICM said it will be the majority owner of the so-called

"Element" facility, which will be built next to the company's headquarters, and is in talks with other potential investors.

"Element will strive to be one of the most energy efficient manufacturers of ethanol in the industry with the deployment of multiple new technologies, including our ICM gasification unit," ICM President Chris Mitchell said in a statement released by the company Thursday afternoon.

The gasifier is capable of converting biomass and forestry feedstocks into producer gas or syngas, while generating a biochar product that has applications in agriculture and

National Renewable Fuels Averages

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
146.125	164.228	162.986	150.248	219.234	
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD
367.888	182.679	169.285	,	174.442	168.499

Key Renewable Fuels Regional Averages

Northeast						
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)		
153.500	,	154.409	152.676	244.724		
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD	
344.500	174.491	172.000	,	173.141	169.505	

Southeast						
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)		
153.500	165.000	154.054	149.822	219.857		
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD	
355.950	166.470	172.900	,	168.098	167.103	

Gulf Coast					
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
150.500	172.582	164.456	151.652	193.694	
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD
397.420	168.491	163.069	,	171.852	166.790

Midwest					
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
140.250	158.695	166.353	143.905	194.357	
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD
338.138	184.496	172.982		169.037	167.868

Rockies					
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
150.500	170.750	173.022	152.000	214.768	
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD
	175.837	,	,	173.506	172.385

West Coast						
Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)		
154.250	166.667	171.314	228.710	268.574		
B100 w/ RIN	B20 w/ ULSD	B15 w/ ULSD	B10 w/ ULSD	B5 w/ ULSD	B2 w/ ULSD	
421.333	203.134	181.410	,	196.978	,	

other industries, the company said. By making its own gas, the plant will "produce one of the lowest cost, highest value ethanol gallons on the market, while bringing increased revenue to one of America's most essential elements: the U.S. ag industry," Mitchell added.

In addition, ICM said the Element plant will provide the first full-scale deployment of its "Generation 1.5 Grain Fiber to Cellulosic Ethanol Technology" process to produce up to 5 million gal of cellulosic ethanol per year. These gallons, the company said, will be eligible to generate D3 Renewable Identification Numbers (RINs) under the Renewable Fuel Standard (RFS), cellulosic tax credits and California Low Carbon Fuel Standard credits, which can "result in an added value of as high as \$4 per gallon above corn ethanol prices."

The process also generates high-protein distillers dried grains, which can be sold as livestock feed.

"In comparison to alternative approaches, the Gen 1.5 process maximizes the output of cellulosic gallons with the lowest risk and capex per gallon," ICM CEO Dave VanderGriend said. "Leading us into the future, we envision the scientific element continuing to evolve which will position ICM Element to build upon our foundation and to pursue further opportunities. Element will be an industry leader now and well into the future."

Further, the plant will employ other ICM technologies, including its Selective Milling (SMT) and Fiber Separation (FST) processes and several others still under development, the company said. SMT and FST "will drive the project, allowing ICM Element to increase throughput, decrease cost per gallon and create the ability to produce high-value stream from traditional DDGs, all while increasing ethanol yields and increasing distiller's corn oil recovery."

The company expects construction on the Element plant to begin in the fall of this year and is targeting a start of operations by the fall of 2018.

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Stock Market Movers:

Pacific Ethanol, Darling Ingredients report Q4, full-year earnings

Pacific Ethanol on Wednesday said it sold nearly 241 million gal in the fourth quarter of last year, up nearly 13% from 213.5 million gal in the same period of 2015. For the full year, the company sold a record 924.5 million gal, nearly 32% above the 701.5 million gal it sold in 2015.

The Sacramento, Calif.-based company said net sales in the quarter totaled \$441.7 million, compared with \$376.8 million a year earlier, largely on higher sales of its own and third-party production and a higher average sales price.

It reported an average ethanol sales price of \$1.78/gal in the fourth quarter, up from \$1.66/gal in the same period of 2015. Its average delivered Q4 corn cost fell to \$3.70/bu from \$4.07/bu in the year-ago period.

Further, Pacific Ethanol said it ethanol production capacity utilization reached 96% in the quarter, up from 91% a year earlier.

Net income in the quarter was \$12.6 million, compared with a year-ago loss of \$1.1 million.

Separately, Darling Ingredients last week said its Diamond Green Diesel Joint Venture had "solid execution and strong earnings," in the fourth quarter and full year, despite the fact that net income was down in both periods compared with the prior year.

The Irving, Texas-based company said plans to expand the Diamond Green Diesel facility from an annual production of 160 million gal to 275 million gal of renewable diesel. It aims to bring the additional capacity online in the second quarter of 2018 at a total cost of roughly \$190 million.

Darling operates the Diamond Green Diesel Joint Venture with Diamond Alternative Energy LLC, a subsidiary of Valero Energy.

Darling reported a net income for Diamond Green Diesel of more than \$65.1 million for Q4, down from nearly \$165.4

Weekly Biofuels Stock Performance

Company	Symbol		3/2/17	2/23/17	change	% change
Abengoa	ABGB	\Leftrightarrow	1.02	1.02	\$0.00	0.00%
Adecoagro SA	AGRO	Û	11.89	11.88	\$0.01	0.08%
Aemetis	AMTX	\$	1.17	1.17	\$0.00	0.00%
Amyris	AMRS	Û	0.53	0.53	\$0.00	0.79%
The Andersons, Inc.	ANDE	Û	39.20	40.25	-\$1.05	-2.61%
Archer Daniels Midland	ADM	Û	45.48	45.09	\$0.39	0.86%
BIOX Corporation	BX.TO	Û	0.80	0.95	-C\$0.15	-15.79%
Bluefire Ethanol Fuels	BFRE	⇔	0.00	0.00	\$0.00	0.00%
Bunge	BG	企	80.94	80.05	\$0.89	1.11%
Cosan	CZZ	Û	8.43	9.26	-\$0.83	-8.96%
Darling Ingredients	DAR	Û	14.14	12.82	\$1.32	10.30%
FutureFuel Corp.	FF	Û	13.48	13.22	\$0.26	1.97%
GEVO	GEVO	Û	1.01	1.19	-\$0.18	-15.13%
Green Earth Technologies	GETG	⇔	0.01	0.01	\$0.00	0.00%
Green Plains	GPRE	Û	24.30	23.90	\$0.40	1.67%
GreenHunter Resources	GRH	⇔	0.10	0.10	\$0.00	0.00%
Neste	NESTE. HE	Û	33.79	34.47	- € .68	-1.97%
Novozymes	NVZMY	Û	38.63	38.03	\$0.60	1.58%
Pacific Ethanol	PEIX	Û	7.90	7.55	\$0.35	4.64%
Renewable Energy Group	REGI	Û	9.30	8.70	\$0.60	6.90%
REX American Resources	REX	Û	84.21	82.02	\$2.19	2.67%
Valero Energy	VLO	Û	66.45	67.03	-\$0.58	-0.87%
DJIA	DJI	Û	21,002.97	20,810.32	\$192.65	0.93%

million in the same period in 2015. For the full year 2016 the net income was \$139.8 million, compared to about \$143.8 million in 2015.

Quarterly earnings releases for selected biofuel producers

On March 7, biodiesel producer and marketer Renewable Energy Group will release its fourth-quarter and full-year earnings after the market closes.

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Inside Washington: Is the writing on the wall for RFS

point-of-obligation shift?

While it caused a bit of market mayhem and sent Washington trade groups scurrying, word early last week that the White House was poised to issue an executive order directing EPA to shift the Renewable Fuel Standard blending obligation downstream from refiners proved to be greatly exaggerated as the Trump administration shot down the notion that anything was coming down the pike.

But most Washington insiders know the simple fact is that some kind of a move in the RFS point of obligation is in the works. Also, as Renewable Fuels Association President and CEO Bob Dinneen said last week – setting off its own little firestorm – it is clear the talks include providing the ethanol industry it long-sought 1-lb. RVP waiver for higher ethanol blends that would expand summertime blending.

The White House denial that any executive order was imminent came after Dinneen who last week appeared to corroborate reports of a deal to shift the compliance point. "We received a call from an official with the Trump administration, informing us that a pending executive order would change the point of obligation from refiners to position holders at the terminal, a potentially small increase in the number of obligated parties, but one which would distribute the obligation more equitably," Dinneen said in a statement. "Despite our continued opposition to the move, we were told the executive order was 'not negotiable.'"

RFA's statement came after Bloomberg late Monday reported that RFA and billionaire investor Carl Icahn presented a deal to the administration that would move the point of obligation to the fuel terminal rack. RFA has opposed the move, but might support the shift in return for an RVP waiver that would enable E15 sales year-round, according to the report. Dinneen told Bloomberg he was told in "no uncertain terms that the point of obligation was going to be moved and I said I wanted to see one of our top agenda items moved."

Another juicy rumor making the rounds in Washington was that the deal would include the return of a federal biomassbased diesel tax credit, but in the form a producer credit. The talk sounded "Trumpian" enough to be plausible to some, but no solid source for it emerged.

An industry source, however, suggested late Tuesday afternoon that the White House denial was a matter of the Trump administration getting "cold feet" on the deal. The rumored deal has been in the works for weeks, the source said, with Icahn's regulatory team taking the lead on all meetings.

After the administration's denial, and amid a torrent of harsh criticism from rival biofuel trade groups, Dinneen maintained that the White House does have something in the works to shift the obligation point, but is not prepared to come out with it yet.

"I assure you this is no deal for anyone but Carl Icahn," Emily Skor, CEO of Growth Energy, said in a statement, adding that if she had been offered the deal she would have rejected it outright. [Icahn owns an 82% stake in merchant refiner CVR Energy which is pressing EPA to shift RFS compliance].

Even if Trump does opt to issue an executive order, it may take more time than many realize and the road might be bumpier than expected. Normally, any significant new rule such as that supposedly under consideration by the administration are drafted as a proposed rule and released for public comment before a final rule is issued, and include a 'grace period' before the rule takes effect, explained the National Association of Truck Stop Operators, a veteran Washington trade group.

"It generally takes 9-15 months before an Agency can issue a final rule of this magnitude, and at least that much additional time in a 'grace period' before it takes effect. One would think that this current issue mandates an especially long grace period for balance sheets to wind down and adjust," said NATSO.

The National Biodiesel Board said a simple executive order would not be enough for such a significant rule change. "The current RFS regulatory structure is based on the existing definition of obligated party, and, thus, the public must understand all the attendant changes that might go along with a change in the definition. As such, in the absence of a specific proposal, we cannot take a position whether a change is appropriate as we cannot offer detailed analysis of pros or cons of a change. For any such change, EPA must follow notice and comment rulemaking procedures," NBB said.

Under law, EPA must provide a proposal, rather than reference various petitions, as well as its rationale, including evidentiary support for such a change, the trade group added.

One industry source close to the issue in Washington noted that career staff at EPA – which drafted the November proposal to deny petitions to move the point of obligation - had not been involved in the conversations and was not briefed on any proposed deals.

New EPA Administrator Scott Pruitt, confirmed and sworn into office less than two weeks ago, also was not briefed on the conversations, the source said.

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In Key Commodity Markets:

In finished markets...

The purported deal last week to push the Renewable Fuel Standard (RFS) obligation beyond refiners and importers did not just roil markets for RIN credit that used for program compliance, but also upset gasoline markets – and even after the Trump administration denied a shift was imminent the possibility still hung over markets.

The quick reaction early last week to the possibility RFS compliance might move downstream to the rack sent RIN values sliding Tuesday as much as 33% as reports began emerging late Monday. RBOB futures tumbled because a shift in the RIN obligation beyond refiners and importers would revalue the gasoline crack spread. The prospect raises a lot of questions for the trade to digest, and there more rumors than facts, including talk that the move would include an RVP waiver to open the door to more E15 ethanol blending in summertime.

For one thing, without the "lever" afforded by relatively higher RINs values – which crashed on the rumors – in an E10-constrained market, E15 in many cases makes much little or no sense from an economic or retail roll-out standpoint. Moving the RFS obligation would remake the landscape of winners and losers. Pure merchant refiners would conceivably be winners in terms of RIN compliance expense, with inland refiners lacking downstream systems the biggest winners. An integrated refiner with downstream wholesale and a dedicated retail system would win less in the deal.

Additionally, importers could bring in gasoline from offshore and not face additional RIN costs. The biggest losers would appear to be large chain retailers that ship gasoline, blend it and then sell the RIN back to the refiner. Traditionally, these companies have passed along the RIN benefit in the form of lower retail prices. However, some smaller retailers argue that the current system is inequitable.

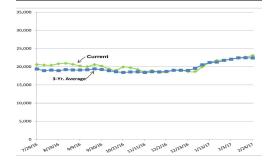
Further, there are always unintended consequences. A shift in the obligation point, for example, may mean entities that have in the past shipped and blended renewable fuel into blendstock to create E10 may choose instead to just buy gasoline for distribution at the rack. Several market veterans argued that such an outcome would reduce fuel market competition because only refiners and the largest blenders would continue to ship and blend.

Some theorize the change would effectively cap D6 ethanol RIN values by stifling that market's liquidity. Making blenders the obligated parties means they would need many of the RINs they create for RFS compliance, whereas before they could sell those RINs.

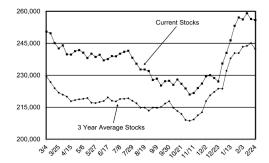
The fact is, as the week came to a close it appeared the controversy over a move in RFS compliance obligations will not end soon. That means the issue may hang over the market

Key Supply and Demand Statistics (thousand barrels)

Ethanol Supply					
Ethanol	Current	Last Week	3-Yr Avg		
PADD 1 Inventories	7,815	7,895	7,918		
PADD 2 Inventories	7,971	8,101	7,554		
PADD 3 Inventories	4,393	3,836	3,986		
PADD 4 Inventories	380	368	340		
PADD 5 Inventories	2,531	2,469	2,615		
Total Inventories	23,090	22,669	22,413		



Gasoline Supply					
Gasoline	Current	Last Week	3-Yr Avg		
PADD 1 Inventories	75,000	75,500	67,667		
PADD 2 Inventories	60,200	60,100	55,467		
PADD 3 Inventories	81,600	81,700	79,300		
PADD 4 Inventories	8,500	8,600	7,567		
PADD 5 Inventories	30,500	30,500	32,333		
Total Inventories	255,800	256,400	242,333		



Ethanol Production					
Ethanol	Current	Prev Mo	3-Yr Avg		
PADD 1	832	868	756		
PADD 2	29,846	27,932	28,018		
PADD 3	775	780	753		
PADD 4	434	418	452		
PADD 5	580	567	533		
Total Production	32,467	30,565	30,511		

Gasoline Production					
Gasoline	Current	Last Week	3-Yr Avg		
PADD 1	3,129	3,014	2,916		
PADD 2	2,433	2,424	2,467		
PADD 3	2,082	1,963	2,227		
PADD 4	295	280	308		
PADD 5	1,601	1,554	1,578		
Total Production	9,540	9,235	9,495		

for some time, with rumor or negotiations popping up now and then to add uncertainty and volatility at a moment's notice.

NYMEX gasoline future losses in the first couple days of March did take the new front-month April contract lower over the last week. Off 3.47cts in the Thursday settle, April RBOB settling at \$1.6433/gal dropped 10.43cts in the week-to-week comparison, while May RBOB at \$1.6726/gal lost 3.5cts on the day and 9.86cts over the same week.

In Tuesday, Wednesday and Thursday's NYMEX sessions, the gasoline paper crack spread got hammered, losing a couple of dollars for April. Fundamentals for gasoline remain a bit sloppy as supply is considered very high, though a winter gasoline purge should help clean some of that up. At the same time demand, especially when compared to 2016 still appears poor.

Some bottom feeding ahead of the weekend might help the market at this point, according to trade sources. Merc crude prices also peeled lower lately, though RBOB often lost more over the week, with April WTI futures at \$52.61/ bbl downshifting \$1.22 on Thursday and sliding \$1.84 form a week ago.

Most gasoline cash markets took a beating through the middle of the week with the greatest price damage coming in the futures market. Although Gulf Coast gasoline discounts widened Thursday, the discounts are still less than 20cts and that has flat prices nearly 5cts better than the New York Harbor. Higher Gulf Coast spot prices versus the Harbor slammed the Colonial Line Space market as negative values have been a mainstay for most of the year.

At last look, Gulf Coast CBOB trades running 19.25cts under the Merc benchmark put the outright price at \$1.4508/ gal for the 11.5-lb gal, down 3.97cts for the day and 10.27cts below a week earlier.

In Chicago, spot CBOB trading indicated outright spots at \$1.5168/gal Thursday with trades 12.65cts under the Merc –

taking the outright price 2.62cts lower day-to-day, but leaving it 1.07cts higher week-to-week.

Cash markets felt the general disappointment over gasoline market fundamentals and it weighed heavily on trading values in the latter half of the week. Although total gasoline inventories fell from the week before, according to the latest weekly EIA data, most of the draw came on the East Coast where product levels in storage were already considered heavy.

Implied gasoline demand remained well south of its yearago level, off 4.77% last week – or 435,000 b/d less than in 2016 – after adding a marginal 23,000 b/d week-to-week, at 8.686 million b/d.

Looking at the retail side, U.S. regular unleaded gasoline prices averaging \$2.3150/gal late last week, climbing about 3cts versus the week ago average, according to OPIS and AAA.

In natural gas...

Expectations of some colder weather helped boost some gas markets in the last week, but a surprising, even historic, storage build reported by EIA knocked the market. Prices, however, did recover on better demand prospects.

In cash trading, Henry Hub spot gas slipped a penny Thursday to \$2.59/mmbtu, which is also a penny off its weekago value. Chicago Citygate gas dropped 3cts Thursday, trading at \$2.65/mmbtu and that put it down 7cts in the week-to-week comparison. After a spring-like interlude, colder weather in the Northeast did bring stronger prices to that market, but by and large, futures remained firmer than spots last week.

In fact, NYMEX futures ultimately absorbed a heavy supply number from EIA Thursday and settled on the plus side, though only barely on the near months. Front-month April gas contracts at \$2.804/mmbtu ended up only a half-cent for the session, "but a win's a win," observed one trading source.

Ethanol vs. Spot Unleaded and "BOBs" in Key Markets



Note: OPIS Refined Spots and Ethanol averages are based on full-day prompt assessments for each market

Forward contracts were a bit firmer, with July up 1.7cts at \$3.074/mmbtu.

However small the nearby paper gain, it marked a sturdy rebound from a dip that occurred shortly after EIA reported week-to-week natural gas stocls actually climbed 7 bcf, marking the earliest stock build ever reported by EIA and shocked traders, most of whom were expecting at least a small draw.

"Warmer temperatures throughout the week for most of the Lower 48 states contributed to decreased heating demand for natural gas and lower withdrawals from storage," the agency said, pointing to higher injections in the South Central region and relatively light draws out of the East and Midwest for the week.

Natural gas inventory remains 7.3% below the same time last year, but is 14.3% higher than the 5-year average.

So far this winter, mild weather has kept natural gas heating demand about 20% below average, based on National Oceanographic and Atmospheric Administration data.

Meantime, NYMEX futures gains on the six-month strip amounted to 17.4cts over the last week, averaging \$3.01/ mmbtu at the Thursday settle. The gulf between the futures strip average and the Henry Hub spot price has expanded in recent weeks and grew substantially in the last week, to 42cts by Thursday.

In corn...

Corn markets had a wild week, thanks in large part to the prospect of potentially higher demand from ethanol production should an E15 RVP waiver go through. CBOT front-month March corn futures settled Thursday down 3cts to \$3.7275/bu, but still brought the contract higher by 7.25cts week-to-week. May corn at \$3.795/bu shed 2.5cts on the day but added 7cts for the week.

Most of the upside that corn markets demonstrated earlier in the week came from a purported deal under which the ethanol industry would receive the year-round RVP waiver for E15 blends that it has sought for years and refiners would receive their obligation under the Renewable Fuel Standard (RFS) shifted downstream to blenders.

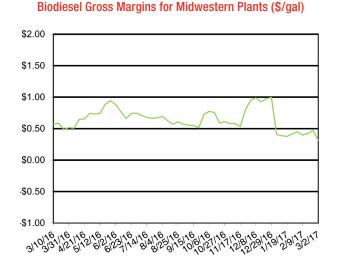
After the White House denied that a deal was imminent and said there was no pending executive order on the RFS, corn futures settled down toward the end of the week.

U.S. corn prices remain in a good state for more export business. Export sales for corn came in at 28.1 million bu (or 713,100 metric tons) with 27.3 million bu (692,400 tons) for the 2016-2017 marketing year.

Ethanol production rates that went unchanged from week-to-week, according to EIA, left little room for upward momentum, but the fact that ethanol stockpiles continued their persistent climb higher certainly helped lend some support to cash corn prices in the middle part of the week.

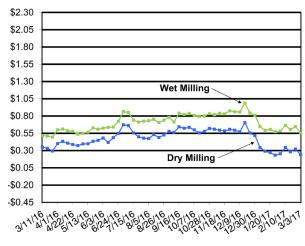
Spot corn talks for Kansas City had No. 2 truck yellow corn was 7-10cts higher from the week before at \$3.525-\$3.575/ bu. Chicago No. 2 yellow corn added 9-14cts over the week at \$3.545-\$3.745/bu.

Plant Profitability



*Biodiesel production margin calculated from cash feedstock costs and sales values for soy methyl ester biodiesel plants and are estimates of industry trends under current market conditions. Profits for any given biodiesel plant could be higher or lower.

Ethanol Gross Margins for Midwestern Plants (\$/gal)



*Dry Milling margin calculated from cash feedstock and product sales values for wet and dry-mill plants and are an estimate of the industry trend under current market conditions. Profits for any given ethanol plant could be higher or lower.

In biodiesel...

The slide in the value of Renewable Identification Number credit values that accompanied clear indications that the Trump administration is eyeing a shift in RFS compliance obligation hit biodiesel blending economics last week.

While neither biodiesel nor petroleum diesel prices at the rack changed very much, the value of EPA's D4 biomassbased RIN credits traded down as much as 22% in spectacularly volatile Tuesday trading, and at 83cts/RIN late last week remained as 9.3% below the previous week.

Biodiesel priced at U.S. racks that averaged \$3.679/gal Thursday only picked up 1.7cts on the week, and at the same time on-road petroleum diesel averaging \$1.711/gal nosed up by less than a third of a penny. At 83cts/RIN, a gallon of biodiesel could also bring an added \$1.245 in added RIN credit value, but that still left a cost gap of 72.3cts – a difference that expanded over the week almost solely due to the loss in RIN value.

National Renewable Fuel Feedstock/Co-Product Price Index

Feedstock/Co-product	Location/Source	Spot Price	Previous	4-Wk. Avg.
Palm Olein	US/Gulf Coast	\$0.3719/lb	\$0.3810	\$0.3907
Soybean Oil - Crude Degummed	Central Illinois	\$0.3259/lb	\$0.3137	\$0.3247
Soybean Oil - Crude Degummed	Central Illinois - USDA	\$0.3198/lb	\$0.3042	\$0.3182
Soybean Oil - RBD*	Central Illinois - USDA	\$0.3509/lb	\$0.3387	\$0.3497
Canola Oil	West Coast	\$0.4199/lb	\$0.4022	\$0.4146
Canola Oil	Midwest	\$0.3924/lb	\$0.3747	\$0.3871
Corn Oil - Crude	Midwest	\$0.3811/lb	\$0.3890	\$0.3824
Corn Oil - Refined	Midwest	\$0.4811/lb	\$0.4890	\$0.4824
Corn Oil - Distillers	Midwest	\$0.2756/lb	\$0.2688	\$0.2698
Beef tallow	Chicago	\$0.3000/lb	\$0.3050	\$0.3038
Choice White Grease	Chicago	\$0.2700/lb	\$0.2700	\$0.2725
Poultry Fat (Low FFA)**	Southeastern US	\$0.2800/lb	\$0.2800	\$0.2800
Yellow Grease	Illinois	\$0.2400/lb	\$0.2350	\$0.2363
Methanol	US Gulf Coast	\$1.2900/gal	\$1.2600	\$1.2363
Soy Meal (Hi-Pro)***	Illinois Truck	\$329.00/ton	\$325.00	\$330.50
Corn	Central Illinois	\$3.8100/bu	\$3.7200	\$3.7825
Soybeans	Central Illinois	\$10.3600/bu	\$10.8100	\$10.5425
Crude Glycerin (80%)	FOB Midwest	\$0.0700/lb	\$0.0700	\$0.0694
DDG-S (Distillers Dried Grains w/ Solubles)	Eastern Cornbelt - USDA	\$100.7500/ton	\$99.3300	\$99.7075
Corn	Kansas City - USDA	\$3.5500/bu	\$3.4650	\$3.5163
ULSD	OPIS National Average	\$1.5691/gal	\$1.6501	\$1.6132
RBOB	OPIS National Average	\$1.5773/gal	\$1.6320	\$1.6060
Ethanol	OPIS National Average	\$1.4613/gal	\$1.5069	\$1.5179
Unleaded RFG	OPIS National Average	\$1.4375/gal	\$1.5327	\$1.5041
Natural Gasoline	Mt. Belvieu Non-TET	\$1.1638/gal	\$1.1575	\$1.1586
Natural Gasoline	Conway In-well	\$1.1875/gal	\$1.2112	\$1.2038
Ethanol RINs (Current Year)	OPIS National Average	\$0.3525/RIN	\$0.4975	\$0.4578
Ethanol RINs (Previous Year)	OPIS National Average	\$0.3500/RIN	\$0.4950	\$0.4544
Cellulosic RINs (Current Year)	OPIS National Average	\$2.6650/RIN	\$2.6650	\$2.6688
Cellulosic RINs (Previous Year)	OPIS National Average	\$2.2400/RIN	\$2.2400	\$2.2500
Biodiesel RINs (Current Year)	OPIS National Average	\$0.8300/RIN	\$0.9025	\$0.9000
Biodiesel RINs (Previous Year)	OPIS National Average	\$0.7700/RIN	\$0.8200	\$0.8138
Advanced Biofuel RINs (Current Year)	OPIS National Average	\$0.7800/RIN	\$0.8950	\$0.8800
Advanced Biofuel RINs (Previous Year)	OPIS National Average	\$0.7300/RIN	\$0.8050	\$0.7975
CA LCFS Carbon Credit	California	\$90.50/mt	\$94.00	\$94.2500
CA LCFS Carbon Intensity	California	\$0.0074/CI	\$0.0077	\$0.0077

*refined, bleached, deodorized **free fatty acids ***high protein

Data provided, in part, by World Energy, www.worldenergy.net

In DDGs...

Nearly every market source called distiller dried grains values mixed over the week, though price ranges changed very little amid some large swings higher in corn values that may have been balanced by softer pricing for soybean meal.

Both FOB Iowa and Minnesota DDG values through the last week, at \$90-\$110 and \$95-\$105 respectively, ran unchanged from the previous week's range. Eastern Corn Belt talks indicated DDGs off about \$5 at the lower end of the range, at \$90-\$118.

Moving west, Nebraska DDG values ran in place for the week as well, at \$95-\$105. Kansas DDGs going from \$102-\$135 dropped \$2 off the lowest quotes.

Delivered DDG prices to the West Coast mostly eased lower on the week. California DDGs lost \$4 on each end of the price range, running \$152-\$161. Pacific Northwest DDGs from \$150-\$156 ran flat to down a penny.

Though activity seemed to slow last week, marketers maintain that DDG still offers a healthy enough price savings versus soybean meal to keep feed buyers interested.

In natural gasoline...

Mont Belvieu natural gasoline prices varied in the first week of the new month before resuming an upward march by before the week ended, buoyed by stronger oil futures.

Both crude and RBOB values for April were rebounding on Friday after shaking off a three-day slump.

Non-TET C5 natural gasoline "anys" (March) averaged as high as \$1.184375/gal at the start of the month, drifting to \$1.16375/gal Thursday,m before rebounding to \$1.1675/gal at last look. April non-TET natural gasoline is valued at a 0.375ct premium to March, though C5 prices are relatively flat down the forward curve through December.

Other Mont Belvieu natural gasoline grades linked to non-TET C5 saw premiums to the basis grade narrow of late. TET C5 was last seen at 0.75ct over non-TET, with Targa (Feb) called 0.5ct over.

In the Midwest, Conway C5 prices were last seen holding about a 2ct premium to Belvieu non-TETs.

In ultra-low-sulfur diesel...

Total U.S. distillate inventories fell by 900,000 bbl in the last week, with the largest portion of that focused on the Gulf Coast and likely attributable to a bump-up in exports. At 1.284 million b/d, EIA revealed the highest outbound distillate shipments since the week ended Dec. 23, 2016.

The ultra-low-sulfur diesel category outpaced the overall weekly distillate draw, off 1.377 million bbl week-to-week and there, too, the Gulf Coast led the way with the region contributing a 1.503 million bbl ULSD inventory loss from week-to-week. After three weekly draws in a row, ULSD stockpiles at 142.286 million bbl narrowed the year-on-year surplus to just 1.5%.

Midwest and Gulf Coast ULSD inventory have now eaten away the surplus, with Gulf stocks at 40.246 million bbl falling 4.3% below year-ago levels. Midwest stocks nosed off by 175,000 bbl on the week, and were 0.3% lower year on year, at 33.868 million bbl. West Coast ULSD holdings also fell below last year, running a 1.3% deficit in EIA latest weekly report.

Meantime, NYMEX front-month ULSD futures dropped in every session last week through Thursday, with cumulative front-month losses coming in just shy of a dime. The April contract was fighting off a fifth-straight day of losses at presstime, though some pre-weekend trade support was seen. At the end of Thursday, April ULSD that lost 4.5cts on the day settled at \$1.5791/gal.

Distillate cash trading in the Gulf Coast at \$1.5466/gal lost almost as much as the Merc, off 4.35cts for the day and that knocked 8.66cts from the price over the last week. Chicago ULSD, trading \$1.5641/gal for the day slumped 4.25cts against the day before and that took it down 2.26cts down from a week ago.



European Biodiesel Spot Markets



3/10/2016

European, Brazilian and CBI Markets:

	RME	FAME	Ethanol T2
Rotterdam	\$3.22	\$3.08	\$2.54/€2.42

Prices in U.S. \$/gal., 3/2/17. Data provided in part by Starsupply Renewables, www.starsupply.ch, and SCB & Associates, www.starcb.com

European Markets

A group of seven organizations involved in biofuels sent a letter to EU energy ministers ahead of the ministers' discussion last week on the post-2020 EU Renewable Energy Directive (RED II).

The group detailed what it considers "the key principles necessary for an ambitious and successful RED II."

"Decarbonizing transport requires concrete, realistic yet ambitious policies," the groups wrote. "The European Commission's proposal for a revised Renewable Energy Directive for the period 2020-30 does not deliver in this regard."

The RED II proposal, they wrote, would hinder decarbonization in transport; have "a devastating economic impact on the EU biofuels chain, from farmers to processors"; put at risk 220,000 direct and indirect jobs in the EU, particularly in rural areas; further undermine investor confidence (including those in the advanced biofuels sector); favor the fossil oil industry at the expense of renewable energy; and work against the EU's energy security and bio-based economy goals.

The letter indicated that policy makers should increase ambitions for renewable energy use in transport.

Each member state should require fuel suppliers to include a minimum share of 15% of renewable energy in transport by 2030, it said, thus "granting a homogeneous policy across the EU which is key to prevent a fragmented fuel market."

The letter also said that policy makers should ensure policy continuity by not lowering the contribution of conventional biofuels.

Brazil and CBI Ethanol Spot

It added that they should also adhere to sustainability criteria and traceability requirements for biofuels.

"A European cross-checking database of traceability is necessary to have national and voluntary schemes interlinked to avoid any kind of potential fraud," it said.

Policy makers should also promote the deployment of advanced biofuels on top of conventional biofuels, according to the letter.

"A policy that plays off biofuels against each other will only protect the market share of fossil fuels, favoring oil imports from unstable regions over renewable fuels which are locally produced from domestic biomass," it said.

The letter was sent by the European Biodiesel Board; ePURE, the European renewable ethanol association; the European Oilseed Alliance; FEDIOL, the European Association representing the vegetable oils and protein meal industry; CEFS, which represents all European beet sugar manufacturers and cane sugar refiners covering sugar production in 21 EU countries; C.I.B.E., the international confederation of sugar beet growers; and CEPM ,which is involved in the maize chain.

Market update

Biodiesel prices were mixed over the past week.

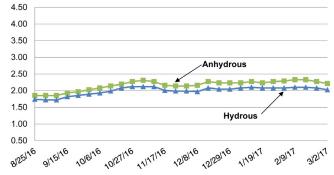
RME FOB ARA had a bid-ask range at some \$944-\$964/ mt at the March 2 close, up about \$16 compared with last week's figures. SME FOB ARA had a bid-ask range of some \$909-\$929/mt, down about \$11 from the previous week. PME's range of some \$879-\$899/mt also fell about \$11/mt from last week's range. FAME 0 FOB ARA had a range of \$899-\$919/mt that was also about \$11/mt lower than last week's figures.

The movement occurred as Rotterdam gasoil was \$16 lower at \$484/mt on the week ended Feb. 23.

Prices are supplied by SCB Renewables. Michael Schneider, mschneider@opisnet.com

Brazil Ethanol vs. NYH, Tampa Spot (\$/gal) 4.50 4.00 3.50 Tampa 3 00 Anhydrous 2.50 2.00 1 50 NYH 1.00 0.50 8125116 17/17/14 312117 9/15/16 10127176 219117 1016176 12129 Brazil ethanol is anhydrous FOB Santos and includes a transportation fee and tax

Anhydrous vs. Hydrous FOB Santos (\$/gal)



Brazil and CBI Markets

Anhydrous Ethanol \$2.15769-\$2.27125 Hydrous Ethanol \$1.93056-\$2.11983 (FOB Santos, 3/2/17, prices in U.S. \$/gal.)

OPIS has reported on what Brazil's sugar-energy and biodiesel sectors would like to see transpire under RenovaBio, an initiative of the Brazilian government designed to boost the country's production of biofuels. Meanwhile, Brazil's aviation sector has some policy proposals of its own regarding biokerosene (i.e., biojet fuel).

The public comment period for RenovaBio could begin in early March. Public comments will be accepted electronically as per instructions provided on the website of Brazil's Ministry of Mines and Energy. The comments will be in response to a RenovaBio document titled "Strategic Guidelines: Proposal Submitted for Public Comment."

The RenovaBio document includes a summary of the main proposals offered by Brazilian industry groups. In the case of biokerosene, those groups include ABEAR, an association of airline firms, and UBRABIO, a Brazilian biodiesel and biokerosene group.

Many of the goals outlined in the RenovaBio document tie into the commitments that Brazil made at the COP21 climate summit held in Paris in December 2015. Among other goals established as part of its Intended Nationally Determined Contributions (INDC), Brazil by 2030 aims to: reduce greenhouse gas emissions by 43% versus 2005 levels; and have renewable energy representing 45% of the country's energy matrix, with biofuels representing 18% of the energy matrix.

ABEAR and UBRABIO say that, in the minimum scenario, Brazil would need to use approximately 678,000 tons of sustainable aviation fuel in 2030 in order to reduce greenhouse gas emissions by 1.5 million tons of CO2equivalent. Under a more desirable scenario, Brazil would use approximately 3.75 million to 5.60 million tons of sustainable aviation fuel in 2030 in order to reduce greenhouse gas emissions by 8.3 million to 12.4 million tons of CO2-equivalent.

In order to ensure the viability of those scenarios and the development of Brazil's biokerosene sector, ABEAR and UBRABIO suggest the adoption of several measures, including:

DIFFERENTIATED TAX RATES: With the goal of stimulating the development of the various production chains that lead to sustainable aviation fuels, a differentiated tax rate should be developed for renewable kerosene, thus boosting its competitiveness with fossil-based kerosene.

INTEGRATION WITH JET FUEL DISTRIBUTORS: The groups note that, per its physical-chemical characteristics, biokerosene is completely fungible with fossil-based kerosene. However, Brazil's current infrastructure system involves questionable compartmentalization in the storage and transportation of fuels. An orchestrated effort to eliminate this compartmentalization should be developed by all parties in the production and distribution chains.

RINS-LIKE MECHANISM TO BOOST BIOKEROSENE USE: The groups note that biokerosene in Brazil doesn't benefit from minimum mandatory blend rates enjoyed by ethanol and biodiesel (a 27% minimum blend rate in gasoline and an 8% minimum blend rate in diesel, respectively). The groups cite the Renewable Identification Numbers (RINs) used in the United States as an example of how to provide a financial incentive for the production and use of biokerosene.

SUSTAINABILITY CERTIFICATION: The groups adamantly support a system of sustainability certification for aviation biofuels produced in Brazil. They say the system should: cover the entire production chain; be transparent; and achieve global recognition and credibility.

QUALITY CERTIFICATION: A national system of quality certification should be developed, via the support and creation of accredited laboratories that allow for logistical optimization and efficient movement of product, similar to what is already in place in Brazil for biodiesel.

Meanwhile, Brazil exported 60.3 million liters of ethanol in February, representing a 41.6% drop from the 103.3 million liters exported in January, figures from Brazil's Ministry of Industry, Foreign Commerce and Services (MDIC) show.

Last month's ethanol exports were down by 80.3% versus February 2016, when exports totaled 306.2 million liters.

Receipts from last month's ethanol exports totaled US\$43.5 million, a drop of 39.2% from the \$71.5 million recorded in January and a drop of 71.2% from the \$151 million recorded in February 2016.

Over the first two months of this year, exported ethanol volumes totaled 163.6 million liters (a year-on-year drop of 61.6%), and receipts from exports totaled \$115 million (a year-on-year drop of 44.4%).

Brad Addington, baddington@opisnet.com

News of the Week: Sierra Club says it will sue EPA over delayed RFS impact studies

The Sierra Club said it intends to sue EPA over the agency's "chronic failure" to meet congressional requirements that it regularly assess the environmental impacts of the Renewable Fuel Standard (RFS).

The environmental group filed with the agency late last week a notice of intent to sue, saying EPA is more than three years late in conducting statutorily required studies of the environmental and resource conservation impacts of the RFS and more than six years overdue in completing an "antibacksliding" report examining what effect increased use of renewable fuels is having on air quality. EPA's inspector general in mid-August said the agency's Office of Research and Development failed to comply with a statutory requirement that it report to Congress every three years on the impacts of biofuels. While the agency did provide the first such report in 2011, it "has not provided subsequent reports as required," the IG said.

In addition, the IG said EPA has not met the "antibacksliding requirements of the RFS," which are designed to assess and address any negative air quality impacts from the program.

In response to the IG findings, EPA officials promised to complete the next triennial report by Dec. 31, 2017, and to issue the anti-backsliding study by Sept. 30, 2024.

Hydrous ethanol sales take hit in Brazil as gasoline remains cheaper

Hydrous ethanol sales by Brazilian distributors took a huge hit in January as gasoline remained more price competitive than the biofuel at the pump.

Brazilian distributors sold just 876.3 million liters of hydrous ethanol in January, figures from Brazil's National Oil, Gas and Biofuels Agency (ANP) show.

That represented a 27.7% drop from the 1.21 billion liters sold in January 2016 and also was the lowest monthly sales volume since May 2013 (871.4 million liters).

Because of its lower fuel efficiency, hydrous ethanol loses competitiveness when its price surpasses 70% of the price of gasoline. Hydrous ethanol has struggled to achieve price parity with gasoline throughout all of Brazil since domestic production of the biofuel was down considerably in the 2016/2017 sugarcane harvest season versus 2015/2016, which in turn has pushed hydrous ethanol prices higher.

Market watchers also note that, of the four adjustments to ex-refinery gasoline prices that Brazil's state-controlled Petrobras made between October 2016 and January 2017, three of the price adjustments were downward and only the December adjustment involved an increase.

PMAA tells EPA it is now 'neutral' in RFS compliance debate

The Petroleum Marketers Association of America (PMAA), which late last year said it supported keeping the Renewable Fuel Standard's (RFS) compliance obligation with refineries and fuel importers, is now telling EPA it has decided to "take a neutral position" on the issue.

In comments filed Wednesday in response to the agency's November proposed decision rejecting petitions to move the RFS point of obligation to the fuel terminal rack, PMAA, a trade group that represents 8,000 independent petroleum marketing companies, said it has "growing concerns that keeping the point of obligation with refiners and importers may be creating downstream market conditions that prevent small business retailers from competing on a level playing field with their larger unbranded competitors." PMAA's comments were made available by EPA on Friday.

The organization said it "believes that inflated value of Renewable Identification Numbers (RINs) due to annual increases in the renewable fuel obligation is driving much of the downstream market distortion."

But PMAA also told EPA that it "is not convinced at this time that moving the point of obligation to position holders at the terminal rack will solve the inequities that are manifest under the current RFS regulatory framework.

Consequently, PMAA has decided to take a neutral position on where the point of obligation should be established under the RFS."

BIO names South Dakota Sen. Thune Legislator of the Year

The Biotechnology Innovation Organization (BIO) Tuesday named Sen. John Thune

(R-S.D.) the recipient of its Industrial & Environmental Section Legislator of the Year Award.

The group said the award recognizes Thune's support of the biotechnology industry and commitment to growing South Dakota's and the nation's biobased economy. The award was presented by Doug Berven, a member of BIO's governing board and vice president of corporate affairs at ethanol producer POET, and Brent Erickson, executive vice president of BIO's Industrial & Environmental Section.

Thune "has been a strong and constant champion of policies that support industrial biotechnology companies in creating jobs, revitalizing manufacturing, improving U.S. energy security and building a biobased economy," Erickson said in a statement.

"Thune was first elected to the Senate in 2004, when the first Renewable Fuel Standard was under development. He helped expand the program in 2007 and has been a determined advocate in encouraging the Environmental Protection Agency to get the program on track for future growth.

BP to buy Clean Energy's renewable natural gas business for \$155 million

BP and Clean Energy Fuels Corp. said on Wednesday that BP will acquire the upstream portion of Clean Energy's renewable natural gas business for \$155 million and sign a long-term supply contract with Clean Energy to support the firm's continuing downstream renewable natural gas business.

The deal enables both companies to accelerate the

growth in renewable natural gas supply and meet the growing demand of the natural gas vehicle fuel market, both companies said.

Renewable natural gas fuel, or biomethane, is produced entirely from organic waste, they said. As a fuel for natural gas vehicle fleets, including heavy-duty trucks, it is estimated to result in 70% lower greenhouse gas emissions than equivalent gasoline- or diesel-fueled vehicles, they said.

BP will acquire Clean Energy's existing biomethane production facilities, its share of two new facilities and its existing third-party supply contracts for renewable natural gas. Closing the transaction is subject to regulatory approval.

Clean Energy will continue to have access to a supply to sell to the growing customer base of its Redeem-branded renewable natural gas fuel through a long- term supply contract with BP. Clean Energy, in turn, will be able to expand its Redeem customer base at its North American network of natural gas Fueling stations.

Merchant refiners to benefit from RFS obligation rule change: Bank

U.S. merchant oil refiners such as Alon/Delek, PBF Energy, Valero and HollyFrontier would benefit if news reports of a change of the point of obligation for the Renewable Fuel Standard are true, according to Wells Fargo on Tuesday.

"These beneficiary companies are the same since we highlighted this possibility following the election. For refiners with significant wholesale and retail, the net impact is muted as they will likely lose some retail margin associated with Renewable Identification Numbers (RINs)," the bank said.

However, this should result in improved refining margin capture relative to posted crack spreads, Wells Fargo said.

"Give the Trump administration credit for moving more quickly than we expected – approximately three months quicker than our base case forecast," the bank added.

Wells Fargo said that it was surprised by the timing of the expected change for the point of obligation as the bank had expected an announcement in May 2017 in conjunction with the annual Renewable Volume Obligation announcement.

China's path toward meeting ambitious biofuel output targets unclear: Report

Although China is the world's fourth-largest ethanol producer and consumer, it remains unclear how the country will meet ambitious ethanol and biodiesel production targets set late last year, according to the U.S. Agriculture Department. The output targets in the 13th Five-Year Plan (FYP) "exceed the ambition of 12th FYP production targets, which were not fully achieved," USDA said in a report.

The 13th FYP, announced on Oct. 24, highlights significant gaps between current production capacities for ethanol and biodiesel output and production targets by 2020, it added.

"The State Council announced ambitious goals to produce 6,335 million liters (5.0 million tons) of ethanol and 2,272 million liters (2.0 million tons) of biodiesel by 2020," USDA said of the latest FYP. "The 13th FYP aims to double ethanol production and expand biodiesel production by more than four times current volumes."

Fuel ethanol imports are forecast to fall by nearly two-thirds to 300 million liters this year on higher applied duties for imported ethanol and growing domestic supplies, according to USDA.

The fuel ethanol consumption forecast for this year is nearly unchanged.

"At this time, future ethanol consumption growth will depend on gasoline consumption growth and the number of additional provinces and municipalities mandating E10 ethanol-gasoline blends," according to the report. "In 2017, the blend rate for ethanol-gasoline is forecast at 2.5%, slightly lower by 0.1 percentage points from 2016, on relatively little change in fuel ethanol use and continued expansion in overall gasoline use."

SIGMA says trump cannot change RFS compliance in executive order

Fuel marketers trade group SIGMA Tuesday said President Trump does not have legal authority to move the Renewable Fuel Standard's (RFS) point of obligation from refiners to the fuel terminal rack through an executive order.

The organization in a statement said it is "surprised and disappointed" by reports that the Renewable Fuels Association (RFA) will drop its opposition to moving the point of obligation to the rack in exchange for a volatility waiver for E15.

In a statement, SIGMA said EPA Administrator Scott Pruitt said during his confirmation hearing that "that he would consider whether or not to grant a petition for rulemaking to change the point of obligation based on the record established. According to recent news, President Trump apparently intends to preempt that process without input from others by signing an Executive Order directing EPA to effectuate a change in the point of obligation from refiners and importers to position holders at the rack."

SIGMA said the president "does not have the legal authority to change the point of obligation by Executive Order," adding that under the Administrative Procedures Act, such a change can only be made by EPA through a new rulemaking initiative that will require a new notice and comment period. In addition, SIGMA said that in discussions surrounding its recent REGS rule, "EPA made clear that it does not have the authority to grant a one-pound waiver for E15. To expand the waiver for fuel blends above 10 percent ethanol (E10) will require an act of Congress."

Iowa RFA remains opposed to efforts to change RFS obligation

The Iowa Renewable Fuels Association (IFRA) late Tuesday said it remains opposed to changing the point of obligation under the Renewable Fuel Standard (RFS) and does not support any purported deal that would shift compliance responsibility from refiners to a point on the fuel terminal rack.

IRFA said it was issuing a statement in response to media reports that the Renewable Fuels Association (RFA) and Trump regulatory advisor Carl Icahn had reached an agreement that would see RFA support moving the RFS point of obligation in exchange for a RVP waiver for E15.

"The members of the IRFA remain firmly opposed to changing the point of obligation for the RFS. We do not support any 'deal' or negotiations being discussed in the media, nor does this stance represent the views of our members," the organization said.

Fuels America cuts ties with RFA over purported RFS deal

The Renewable Fuels Association's (RFA) reported support for a deal that would see the Trump White House move the Renewable Fuel Standard's (RFS) point of obligation from refiners and fuel importers to the fuel terminal rack in exchange for an RVP waiver that would allow E15 to be sold year-round is dividing the U.S. biofuels industry. Fuels America, which represents a wide swath of the U.S. biofuels sector, Tuesday said it had "severed ties" with RFA in the wake of reports that the ethanol trade group had reached a deal with Carl Icahn, President Donald Trump's regulatory adviser.

RFA could not be reached for immediate comment on Wednesday.

U.S. senators introduce bill to extend RVP waiver to higher ethanol blends

Legislation that would extend the Reid Vapor Pressure (RVP) waiver to ethanol/gasoline blends above 10% was introduced Thursday by three U.S. senators.

The measure, the Consumer and Fuel Retailer Choice Act, would "allow retailers across the country to sell E15 and other higher-ethanol/gasoline fuel blends year-round, increasing regulatory certainty and eliminating confusion at the pump, the senators said in a statement. The bill was sponsored by Sens. Chuck Grassley (R-Iowa), Deb Fischer (R-Neb.) and Joe Donnelly (D-Ind.).

"Consumers appreciate having choices, whether it's at the grocery store or the fuel pump," Grassley said in a statement. "Those of us who live in biofuels-producing states understand the appeal of cleaner, domestic, renewable fuels.

The EPA should be consistent in the way it treats different fuel blends as a matter of fairness and to give consumers more options for fueling their vehicles. The EPA has never acted on its authority to grant [an RVP] waiver for e15. This bill proposes to a legislative fix to fill the void."

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