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Canadian giant to build national U.S. business

Publicly held Parkland Fuel Corp., Canada’s largest independent fuel marketer, eventually intends to go national across the United States with all of its product lines.

To carry out its expansion strategy, the corporation recently appointed Doug Haugh president of Parkland USA, its U.S. subsidiary.

Over the near-term of the next 12-18 months, Parkland USA will focus on organic growth and acquisitions along the northern tier of the U.S., stretching from Seattle to Michigan “where our Canadian foundation

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Marketing a brand trumps selling a commodity

CHICAGO – Do you want to build a brand or sell a commodity? That’s the question Paul Jankowski, president of brand marketing firm New Heartland Group, asked attendees of SIGMA’s recent annual meeting here.

The better answer is to opt for a brand. “Commodities compete on price or convenience. Brands compete on emotional connections,” Jankowski said, explaining that a strong brand garners loyalty and fetches a higher price for the products you sell.

He said there are five steps to building a brand, which he defined as a “collection of perceptions that creates an emotional connection.”

• Know your customer. Who are you and what do you stand for? Who are they and what do they care about? How do you fit in their lives?
• Develop a brand strategy. Monitoring and influencing perceptions is a big job that requires planning. Social media should be a critical piece of that strategy. “Social media is a must,” Jankowski said. “People carry a super computer in their pockets (a mobile phone).”
• Develop a creative, consistent design to express the brand. That can involve such elements as colors, taglines, typeface, brand mascots, website content, as well as “lifestyle channels” such as specific types of music, sports and foods.
• Implement the brand strategy, getting stakeholders within your organization to buy into it. Put together a brand strategy team with representatives from each segment of the company.
• Measure the value of the brand. Data is important, but he said that often the best way to know customers and what they think of you is to get out in the community and interact with them. “Culture and lifestyle activities play a major role in understanding your consumers and employees,” Jankowski said.

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Gasoline Price Barometer

Futures’ pain has been marketers’ gain as rack-to-retail margins are going out of 2017 with a bang and the delayed third-quarter “big inning” is making its presence felt in the last six weeks of the year.

According to the most recent data, the average gross rack-to-retail margin stood at 29.8cts/gal, gaining almost 4cts from the previous week.

Last week, RBOB futures dropped to a $1.6609/gal settlement price, the lowest closing price for a front-month contract since Oct. 19. Along with the flailing futures markets are spot markets where there are no prompt barrels trading at a premium to the futures market. Several markets are close to slumping below the $1.60/gal level.

With supplies at a surplus to last year and relatively smooth refinery operations, the Western markets hold some of the cheapest prices in the country. Prompt Pacific Northwest barrels, one of the last holdouts in the NYMEX-plus category, have shed some of the strength the market had. Currently, prompt gasoline in the Northwest is running 7cts under the futures market, as is Los Angeles CARBOB.

New York Harbor gasoline is the strongest in the country and is running flat to the futures market, leaving prices in the $1.67-1.68/gal area at presstime. On the Gulf Coast, gasoline discounts stand at 6cts, so the spread between the two markets has not been wide enough for the Colonial Line Space market to do much better than a quarter cent over tariffs.

National Rack-to-Retail Margins (in cts/gal)

Average U.S. Contract Prices (in cts/gal)

Unleaded Gasoline

ULSD No. 2

(continued from page 1)

offers some supply advantage and the customers and industry are most similar to our established businesses across the border in Canada,” said Haugh.

But over the longer term, its objective is to build a national-scale business across the U.S. in each of the business lines it operates. “I expect when we are complete that we will have a dozen or so of these regions operating and competing in each of their local markets,” he said.

Parkland Fuel named Haugh president of Parkland USA in November, almost four years after entering the U.S. refined products markets for the first time in early 2014. Parkland USA is a holding company of U.S. operating companies, including Farstad Oil, a branded fuel wholesaler and lubricants distributor, and the Superpumper retail station chain in the Midwest.

The U.S. company aims to begin its growth plan by boosting same-store sales at Superpumper and adding businesses in the northern United States, where there is a synergy with Parkland’s vast Canadian fuel operations. Haugh also noted the positive propane distribution synergy between Canada and the U.S. Midwest, despite tough market conditions in the past few years.

Prior to Parkland, Haugh was president of Gainesville, Ga.-based Mansfield Energy Corp., which delivers more than 3.5 billion gal of fuel and related products annually to 4,000 customers across the U.S. and Canada, according to its website. He also co-founded FuelQuest, a provider of fleet and fuel management solutions.

Parkland made its foray into the U.S. fuel market at the end of 2013 when it paid $110 million for Farstad Oil Inc. and the Superpumper chain. Farstad since has added 25 more trucks to a fleet of 75 trucks for fuel distribution in North Dakota, Montana, Minnesota, Wyoming and South Dakota, and Superpumper has added three more retail stations to its 28. Superpumper markets fuel under the Conoco, Exxon, Mobil, Shell, Sinclair, Tesoro and Van Hook Travel Center brands.

Parkland delivers fuels through three channels: retail fuels, commercial fuels and supply, and wholesale. Parkland also is the second-largest c-store operator in Canada, owning one out of every six retail stations in Canada.

It also owns the 55,000-b/d Burnaby refinery in British Columbia, which it picked up in October when it closed on the acquisition of Chevron’s downstream fuel business in British Columbia and Alberta.

Haugh said that the overall goals of Parkland USA are similar to Parkland Fuel, which are to grow organically, acquire prudently and develop a supply advantage for each business line it operates.

Unlike many consolidators only looking to build scale in one narrowly focused line of business, Parkland USA’s efforts will span retail fuels, commercial fuels and cardlocks, wholesale fuels, lubricants and specialty products, and propane supply and distribution, he said.

Parkland sees continuing opportunities in many Midwest fuels markets that are experiencing moderate population growth.
and should continue to see increasing demand for several years, Haugh said. The region also produces most of the biofuels used throughout the rest of the country and remains strongly committed to liquid fuels, Haugh said.

However, he said the Midwest presents some challenges to growth in downstream supply and marketing. “We have strong competition from co-ops, some of whom are vertically integrated with their own refining capacity. They also typically offer their customers patronage for purchasing from the co-op,” he added.

Besides fuel and lubricants, Parkland also supplies the Midwest with propane via Farstad Oil and Parkland’s Elbow River Marketing division. Parkland USA is supplying bulk propane via tanker truck and railcar to local distributors in several markets across the Northern Plains and westward into Montana, and the company is aiming to grow propane distribution and acquire local distributors who offer propane to their local market, he said.

“Fundamentally, propane has had a very tough couple of years. The lack of a real winter the past two years has destroyed a lot of heating demand and relatively dry weather has also reduced the crop drying demand across much of the Midwest market,” Haugh said.

However, industrial demand has seen some modest increases, cylinder programs have continued to show some growth, and there has been a modest increase in transportation demand as a result of autogas adoption in sectors like school buses and parcel delivery, he said.

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Gulf begins restructuring unbranded sales ops

ArcLight Capital Partners, which owns Gulf Oil LP, has begun restructuring some of Gulf’s unbranded fuel sales operations, as exclusively reported by OPIS in October.

In the first phase of a broader consolidation plan, Gulf told customers Wednesday that it was relocating the management of unbranded sales and marketing for the Pennsylvania region from Gulf’s Boston-area offices to a team based in Harrisburg, Pa., effective Jan. 1.

Branded operations for Gulf will continue to be based in the Boston area but this move puts unbranded sales into the hands of regional personnel.

“Gulf is changing how we actively manage and market between the Gulf brand and the unbranded market,” Gulf said in a Dec. 6 letter from the Gulf Unbranded Pennsylvania Marketing Team. “The Gulf brand will continue to stay centralized and based in Boston, Mass., while the unbranded (sales) will be managed by region.”

The letter explained that in the Pennsylvania market served by Gulf’s terminals, wholesale customers will be managed by the local terminal managers, area customer service representatives and the regional management team under Lucknow-Highspire Terminal LLC dba Gulf Oil Unbranded PA. The regional
operation will be “a model like the former Pyramid Petroleum Terminals and including the Gulf facilities in Delmont and Fullerton.”

Pyramid Petroleum Terminals, which was acquired by ArcLight several years ago, will be renamed Lucknow-Highspire Terminals LLC (LHT).

Billing for unbranded fuel sales will be handled by the Highspire office and items such as additive and red dye will be listed as a line item instead of being bundled in the rack price, customers were told.

Gulf Oil Unbranded PA will soon implement a new website – GulfUnbrandedPA.com – that will include many of the features familiar to marketers using the former Pyramid website that was designed for the unbranded fuel market.

The changes impact unbranded sales in the Pennsylvania markets of Altoona, Highspire, Mechanicsburg, Corapolis, Neville Island, Northumberland, Dupont, Sinking Spring, Allentown, Fullerton, and Delmont.

Customers, including those in New Jersey or West Virginia who pull product from Pennsylvania, will also be required to resubmit the proper paperwork such as licensing information and tax forms to update Highspire’s records and continue their supply relationship.

Though there’s no word yet, sources believe that Southeastern rack sales could be next to see consolidation. Several Southeastern rack customers say they’ve heard little from Gulf personnel since an exodus of salespeople earlier this fall.

Unbranded sales in New Jersey, New York and New England currently remain under the aegis of Gulf’s Boston-area headquarters.

Gas station owner pays back wages to resolve federal wage-hour case

A Georgia gas station operator and two check cashing businesses agreed to pay a total of $88,712 in back wages to 39 employees as part of a negotiated administrative proceeding to bring their operations into compliance with the Fair Labor Standards Act.

The U.S. Department of Labor Wage and Hours Division said its investigators found violations of minimum wage, overtime and recordkeeping requirements.

Shifa Food & Gas LLC, of Lawrenceville, which does business as Big EZ Chevron and Rainforest Chevron, and M&M Checking Cashing LLC shared employees despite having different owners, according to the DOL.

M&M’s operations are located within the gas stations, and some workers were acting as cashiers for both the gas stations and the check-cashing business during the same shift. These workers were not paid overtime because the companies incorrectly treated them as independent contractors instead of employees, investigators alleged.

The DOL also investigated All Check Solutions LLC, which has the same owner as M&M Check Cashing LLC – Sameer Lalani. Though All Check’s employees did not work at the Shifa station, the agency said that Lalani employed the same compensation practices at both M&M and All Check, resulting in the same violations.

The DOL also said the companies:
• failed to pay the federal minimum wage for their employees’ training hours;
• made illegal deductions from workers’ pay for failing to stock items properly in the store or mistakenly accepting bad checks from customers; and
• failed to maintain required records of payments made to workers incorrectly considered independent contractors.

All Check Solutions paid $18,269 in back wages to nine employees. Shifa Food & Gas and M&M Check Cashing paid $70,443 in back wages to 30 employees.

The three companies agreed to future compliance with the FLSA, and to implement a timekeeping and payroll system that will automatically calculate overtime pay, DOL said.

The check cashing business owners could not be reached for comment. Shifa’s owner was unavailable for comment and a spokesperson who identified himself as a manager would not respond to questions on the case when contacted.

However, the DOL said the employers had acknowledged they violated the recordkeeping, hours worked for training and overtime requirements of the FLSA.

Avoid Labor Department initiative to snag employers in common trap

A Georgia gas station’s recent settlement of violations of the Fair Labor Standards Act (FLSA) is related to an ongoing federal enforcement effort targeting the misclassification of employees as independent contractors. (See related story above.)
The Wage and Hour Division (WHD) of the U.S. Department of Labor has called misclassification “one of the most serious problems facing affected workers, employers and the entire economy,” according to its website.

In recent years, the division launched an initiative to work with the IRS and 37 states to combat employee misclassification in a variety of ways – for example, through sharing information and coordinated enforcement.

Misclassifying employees as independent contractors is a common legal snare, according to WHD. The division said some studies suggest that 10%-30% employers could be misclassifying their employees.

What makes this issue especially confusing: WHD said there is no single test for determining if a worker is an employee or an independent contractor under the FLSA.

Also various federal and state agencies have different definitions for classifying workers as employees.

“Even if you are a legitimate independent contractor under one law, you may still be an employee under other laws,” the division said.

It warns that businesses expose themselves to fines and liability for unpaid wages and unpaid taxes. Keep in mind that FLSA is designed to protect employees and most workers will be classified as employees, the division said.

The WHD said there are six primary factors it considers to determine if a worker is an employee or an independent contractor, though these factors “are not exclusive” and courts may consider additional factors.

Those key factors are:

- Is the work an integral part of the employer’s business? If so, then the worker is more likely to be economically dependent on the employer and less likely to be self-employed.
- Does the worker’s managerial skill affect his or her opportunity for profit and loss? For example, managerial skills involve hiring and supervision of workers or investment in equipment.
- What are the relative investments of the worker and the employer? Workers that have made enough of an investment that they appear to be sharing the risk of loss are more likely to be an independent contractor.
- What is the skill and initiative of the worker? An independent contractor’s skills should demonstrate he or she exercises independent business judgment.
- How permanent is the worker’s relationship with the employer? Permanency or indefiniteness

in the worker’s relationship with the employer suggests that the worker is an employee, rather than an independent contractor.
- How much control does the employer exert in the employment relationship? Analysis of this factor includes who sets compensation and work hours and who determines how the work is performed, as well as whether the worker is free to work for others and hire helpers.

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From the States: Politicians join debate on pipeline reversal

More politicians have entered the fray in the ongoing debate about the proposed partial reversal of Laurel Pipeline from Pittsburgh to Altoona in western Pennsylvania, according to documents submitted to the Pennsylvania Public Utility Commission (PUC).

U.S. Sen. Robert Casey (D) had submitted his opposition against the pipeline reversal, and Gary Day, state representative for the 187th legislative district, had supported Buckeye’s plan to deliver Midwest oil products to Altoona. Both letters to PUC were sent within a short span of five days in late November.

East vs. Midwest

The proposed partial reversal of Laurel Pipeline is a point of contention between East Coast and Midwest refiners. East Coast refiners, especially Philadelphia Energy Solutions and PBF Energy, said that a partial reversal would be detrimental to East Coast refineries and Pittsburgh would lose its supply optionality, and Midwest refiners are ready to commit to supplying Altoona with their growing production.

This price war between the East Coast and Midwest suppliers is expected to continue as long as Pittsburgh has the option to receive fuel from both the East Coast and Midwest, with benefits going to buyers and consumers in Pittsburgh. The pricing situation in both regional markets is fluid, and it may depend on inventory levels, demand, supply, imports and refinery production.

Casey urged Gladys Brown, chairman of PUC, and the rest of PUC to reject Buckeye Partners’ proposal to reverse the direction of the Laurel Pipeline, citing concerns that reversal of the pipeline would harm Pennsylvania consumers and jeopardize Pennsylvania refining jobs.

“As you know, the Pittsburgh region is currently able to receive petroleum products from Philadelphia
and other points to the East, as well as from the Midwest. This flexibility benefits Pittsburgh area consumers because fuel marketers there have the option of purchasing the most competitively priced product,” he said.

**Winners & Losers**

Since its startup in 1957, the Laurel Pipeline has delivered fuel products from the East to Pittsburgh, Casey said. Today, it is the only remaining pipeline that moves product from the Philadelphia area refineries to the Pittsburgh market, he added.

“The proposal from Texas-based Buckeye Partners to reverse the flow of Laurel would effectively eliminate Pittsburgh’s ability to access fuel produced by the Philadelphia refineries. While the proposed change obviously stands to benefit the owners of the Buckeye pipeline, as well as the refineries in the Midwest, these benefits are likely to come at the expense of Pennsylvanians,” Casey said.

If the pipeline is reversed, western Pennsylvania residents may experience higher gasoline prices and fuel shortages, and the refineries in Philadelphia may have to lay off additional workers, he said.

Day said that he is supporting Buckeye’s proposal to partially reverse the flow of gasoline on the Laurel Pipeline west towards the Altoona area as this directional change in flow would increase access for Pennsylvania customers to lower-cost, domestically extracted fuels.

Buckeye is attempting to respond to customer demands and has determined the need to reverse flow on the line to produce a greater quantity of domestic gasoline, said Day, who had met with Buckeye’s leadership team.

“This project would increase the amount of affordable fuel, bringing approximately 40,000 more barrels a day to citizens in Pennsylvania. By partially reversing flow through the Laurel Pipe Line, there would be an eastbound connection to domestic gasoline and diesel while the remaining flow would continue in a westward direction,” he said.

“The partial reversal of the Laurel Pipe Line does not threaten local jobs or businesses. I am extremely concerned that past governmental involvement has provided an artificial, non-market based support that is unsustainable,” Day said.

**PES Stressed**

Philadelphia Energy Solutions (PES) has reported investments and dividend payouts could have had a lasting impact on the company being considered “significantly financially stressed,” according to Day.

Even PES’s business decision for lesser usage of the Laurel Pipeline is instructive on the need to reverse a portion of this line, he said.

“To adopt a policy that impedes a business from making market-driven decisions would not be wise for the Pennsylvania economy. Thank you for your positive consideration of this request,” Day said.

Midwest refiners may have relatively better refining economics and larger overall production capacities than East Coast refiners, which should support the Midwest supply push to Pittsburgh and potentially further eastward to Altoona next year.

However, unforeseen refinery issues in the Midwest and lower inflows from the Gulf Coast may slow Midwest supplies to western Pennsylvania temporarily. This may cause temporary price spikes in the Midwest and a sharp Midwest price premium over New York Harbor as seen in October.

The near-term goal for Buckeye is to ultimately deliver products to Harrisburg, the capital of Pennsylvania and a comparatively larger market and delivery hub than Altoona, but the potential Harrisburg delivery is only being discussed, with no plans set in stone. The distance between Pittsburgh and Altoona is about 100 miles, and Altoona is about 130 miles west of Harrisburg.

In other news around the country:

- The cost of complying with California’s cap-and-trade program for fuel suppliers could more than double within five years on tighter emissions caps and shrinking carbon allowance inventories, according to an analysis of IHS Markit data. IHS Markit anticipates that the price of carbon allowances for the West Coast Initiative markets is expected to rise to a range of about $25 to $45 per allowance by 2022, Patrick Luckow, principal researcher at IHS Markit said during a presentation at the OPIS LCFS & Carbon Markets Workshop. For fuel suppliers in California, that price increase translates to an average of 28cts/gal for gasoline sold over the rack and an average of 36cts/gal for diesel fuel. On Monday, OPIS assessed the current vintage prompt carbon allowance at $15.15/mt, which calculates to a fuel supplier compliance cost of about 12cts/gal for gasoline and about 15.5cts/gal for diesel.

- In Maine, Ali Ratib Daham, 40, the former owner of a convenience store in Portland, pleaded guilty in U.S. District Court to food stamp trafficking, money laundering and theft of federal MaineCare funds. According to court
documents, Daham took part in a conspiracy to exchange cash for benefits in the Supplemental Nutrition Assistance Program (SNAP), formerly the food stamp program, and the Women, Infants and Children program (WIC). From 2011 through April 2016, the Ahram Halal Market received more than $4 million in SNAP and WIC receipts, at least $1.4 million obtained illegally, authorities said. Daham also laundered the proceeds of the conspiracy and stole at least $39,000 in MaineCare benefits for personal use, they allege. He faces up to five years in prison for conspiracy and 10 years for theft of government funds, and a fine of up to $250,000 on each count, as well as up to 20 years in prison and a $500,000 fine for money laundering. In a plea agreement, Daham agreed to pay $1,446,372 in restitution, including $80,000 at or prior to sentencing, and agreed to forfeit $80,814 in cash the government seized in 2016.

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Legal: Marathon fights state over money left on gift cards

Though selling gas gift cards has been an effective way to get consumers into stations for more fuel, the unused value on these prepaid cards can create a whopping liability several years down the road.

Consumers spend more than $130 billion on gift cards of all types annually, but roughly $1 billion is unused, according to a recent study from advisory company CEB TowerGroup.

A nearly two-year-old case touched off by Marathon Petroleum Corp.’s decade-long squabble with the state of Delaware highlights the legal headaches gift cards can cause.

Marathon has been wrangling with the state of Delaware and its auditors to protect the money remaining on its gift cards – and it looks like that struggle could continue even though Marathon’s initial lawsuit was dismissed by a federal district court.

A federal appeals court in an opinion this week agreed Marathon’s case should be dismissed, but sent the matter back to the trial court to dismiss it with prejudice. That would allow Marathon to file suit again at a later date if Delaware more aggressively goes after the funds.

“The companies’ challenge is predicated on the speculative assumption that Delaware will ultimately attempt to escheat property that it is not entitled to escheat,” the appeals court said. “But at this point, Delaware has not even formally demanded compliance with the audit, so Marathon and Speedway are not yet in a place where [they] must choose between submitting to the audit or facing penalties.”

Delaware and other states presume they have the right to claim abandoned property – which includes gift certificates and stored-value gift cards. It requires corporations organized under its laws to report and transfer to the state any property that has not been claimed by the property owners for five years.

Marathon and its retail arm Speedway LLC are incorporated in Delaware, but they argued the funds are held by Ohio subsidiaries.

The state began an examination of Marathon and Speedway in 2007 starting with uncashed checks and payroll disbursement accounts, as well as paper gift certificates issued by Speedway. Marathon cooperated with Delaware producing numerous documents.

In 2012, the state released a report estimating Speedway’s liability for unredeemed gift certificates issued from 1986 through 2000 at $8 million. Speedway produced evidence against the report’s conclusions and the state pressed for more information.

In 2015, Delaware expanded its audit to include the stored-value gift cards, requesting “extensive detailed information” about the Ohio subsidiaries. Marathon and Speedway argued the subsidiaries were Ohio corporations, and Delaware lacked authority to escheat sums associated with the unredeemed gift cards.

Though Marathon questioned the need for an audit because the state lacked jurisdiction, Delaware’s escheator continued to request information and threatened to turn the dispute over to the state attorney general’s office.

The major then sued in federal district court to stop the state’s inquiry. Marathon said that the request for documents was unlawful, that Delaware lacked the authority to go after the unclaimed property and that the document requests were an unconstitutional, unreasonable search, according to court records.

However, the state argued it is entitled to conduct an examination to determine if the money is really held by the Ohio subsidiaries.

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Trends: Another bullish year may be ahead for RINs prices

Despite only a small change in renewable fuel volume requirements for 2018, Renewable Identification Numbers (RIN) prices will rise, according to ESAI Energy.

The EPA set final 2018 RFS volume requirements slightly higher than the proposed targets released in July but roughly on par with 2017 mandated volumes, ESAI said.

The only marked change in final volume obligations was an increase in the cellulosic biofuel requirement. However, the lower cellulosic target reduced the amount by which the EPA could lower overall advanced and renewable fuel volume obligated volumes for 2018 under the cellulosic waiver, the research firm said.

Preliminary analysis suggests RIN prices will remain high in 2018, despite the small change in renewable fuel volumes for 2018 compared to 2017, ESAI said.

Even at the lower levels proposed in July, ESAI expected a bullish market for RIN prices in 2018. The absence of a biodiesel credit, tariffs on biodiesel imports from major suppliers and a growing D6 RIN deficit all will contribute to a high RIN price environment in 2018, it said.

Tariffs on biodiesel imports from Argentina and Indonesia will increase the marginal cost of biodiesel supply, ESAI said.

In 2016 and 2017, imported biodiesel accounted for a significant amount of RFS requirements for both biomass-based diesel and total advanced biofuels. To meet the slightly higher 2018 advanced biofuels mandate, biodiesel prices will have to rise enough to stimulate additional domestic production to replace lost imports, or have to rise to compensate importers for tariffs, the consulting firm said. Either way, biodiesel prices will increase, it said.

Meanwhile, the replacement of the expired blender’s credit with a production credit for biodiesel is unlikely, ESAI said. This means that D4 RIN prices will rise in 2018 as an incentive for enough higher priced biomass-based diesel to be blended into the diesel pool to satisfy the biomass-based diesel requirement and fill the shortfall in overall advanced biofuel volumes, it said.

D4 RIN prices typically need to be high enough to make biodiesel competitive with ULSD, ESAI said. D5 RIN prices will rise with them, due to the nesting structure of RFS, as D4 RINs will continue to be required to satisfy overall advanced RIN obligations, the company said.

At the same time, ESAI said a continued shortfall in ethanol blending will support higher D6 RIN prices in 2018. ESAI estimates conventional ethanol blending would need to be 10.4% in 2018 to completely balance D6 RIN obligations. This would represent a substantial increase in higher ethanol blends.

Although an E15 waiver could contribute to additional ethanol blending next year, it remains uncertain, the consulting firm said. Without it, obligated parties will most likely draw down D6 RIN stocks or turn to higher-priced advanced RINs to satisfy obligations, it said. Either outcome will support higher D6 RIN prices.

Altogether, higher advanced and conventional RIN prices will raise renewable volume obligation (RVO) costs for obligated parties. ESAI forecasts RVO costs will average 10cts of conventional fuel produced in 2018, compared to 8.5cts in 2017.

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