

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: Chris Hessler
Sent: Fri 8/4/2017 7:16:36 PM
Subject: 170804 RVO backtest.pptx
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Ryan,

Attached is the summary of our test of the proposed year-to-date method for the cellulosic biofuel RVO. Using the proposed methodology:

- The proposed growth rate is 9.3%
- Adding the (now-available) June data nearly doubles that rate to 17.5%
- Back-testing the proposed approach using 2016 data would have produced a growth rate of 55.6%

Based on what is happening in the market, I suspect the rate would look much higher than you expect using the full 9 months of data called for in the proposal.

There are probably some good strategies for building off the proposal to use historical data and get more consistent results. I would be happy to talk with you and/or Mandy further about this.

Hessler



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	Data for 2017 RVO Projections	Data for 2018 RVO Projections	
Method	Annualized Growth Rate (Use data through Sept '16)	Annualized Growth Rate (Use data through May '17)	Annualized Growth Rate (Use data through June '17)
YTD/YTD	<i>(EPA's proposed methodology)</i> 56.5%	<i>(EPA's proposed methodology)</i> 9.3%	<i>(EPA's proposed methodology)</i> 17.5%