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Ms. Samantha Dravis  
Associate Administrator  
Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, D.C. 20004

b(6) - J. Jung personal email

Subject: RIN Policy

Dear Ms. Dravis:

It was good meeting you and Ms. Gunasekara last summer. I have continued to advocate for ethanol mandate reform and follow up on Administrator Pruitt's request to analyze the RIN market. Recently he mailed me a note asking me to share my thoughts with you on that topic.

It is challenging to quantify the various demand curves that impact RIN pricing. Certainly policies such as allowing ethanol exports to count toward mandate goals would tend to lower RIN pricing, but quantifying the extent of the impact on RIN pricing would require a sophisticated model and access to some data that is not to my knowledge available. Similarly, the widespread use of E15 could create a shortage for refinery compliance and drive RIN prices up, but estimating the increase would require extensive statistical research.

As you know, legislation is being drafted in both chambers of Congress that would modify the RFS going forward. The Senate is looking at giving a green light to E15 but ending all mandates in 2022. The House under Congressmen Shimkus and Walden has indicated that they will have something finalized this fall.

The following concept has garnered some interest in the Senate:

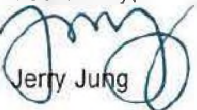
- \* Eliminate the RIN market for corn based ethanol. Use RINs only to keep track of refiner compliance with mandates.
- \* For those refiners that do not meet mandated ethanol levels, assess a fixed charge per gallon of ethanol shortfall.
- \* The shortfall revenues would be forwarded to the U.S. Treasury and earmarked for a specific purpose such as the USDA Conservation Reserve Program.

The rationale behind this concept is multifaceted. First of all, the RIN price could be set at a level more in keeping with sound policy objectives. As you know, the current practice creates uncertainty and adds significant costs to some refineries and ultimately consumers. If the price is set low enough, this approach would largely make moot point of obligation issues and should have the support of refiners as well as consumers.

Ethanol advocates often claim that corn ethanol is not subsidized, but this is not true because of USDA crop revenue insurance and RIN revenues flowing to blenders. A fixed monetary disincentive for ethanol shortfalls would effectively replace mandates with targets and facilitate the transition to market based octane boosters.

What are your thoughts on this approach?

Yours truly,



Jerry Jung

cc: Administrator Pruitt, Senior Policy Advisor Gunasekara