

To: Gunasekara, Mandy[Gunasekara.Mandy@epa.gov]; Dravis, Samantha[dravis.samantha@epa.gov]
Cc: Patrick Kelly[kellyp@api.org]
From: Will Hupman
Sent: Tue 4/25/2017 6:43:46 PM
Subject: Thank You
2017 RFS API Comments EPA-HQ-OAR-2016-0004.pdf
A Preliminary Assessment of RIN Market Dynamics, RIN Prices, and Their E....pdf

Mandy & Samantha – Thank you so much for taking the time to meet with our group this afternoon on the 2018 RVOs and the Point of Obligation issue. I wanted circle back on a few specific items that you requested from the meeting. If there's any additional information or materials that we can provide (or questions to answer), I hope you'll let me know. Thanks again, Will

1) Waiver Authority (see first attachment, "2017 RFS API...") – As mentioned, our comments include discussion of the waiver authorities at your disposal. Specifically, on pages 3 & 4, our comments reference the justification of your waiver based on inadequate domestic supply as well as the encouragement of waiver usage based on severe economic harm.

2) RIN Prices and the Marketplace – (see second attachment and link below) – The second attachment, "A Preliminary Assessment..." is from EPA's Dallas Burkholder in May 2015 and discusses the impact of RIN prices on retail fuel prices and related factors. On page 3, Burkholder states: "*The higher market prices for petroleum fuels with RIN obligations relative to those without RIN obligations suggest that obligated parties are generally recovering their RIN costs in the price of the petroleum fuels they produce. Merchant refiners, who largely purchase separated RINs to meet their RFS obligations, should not therefore be disadvantaged by higher RIN prices, as they are recovering these costs in the sale price of their products.*" On pages 28 – 30, he explores in more detail the RIN Price Impacts on Merchant and Integrated Refiners.

Linked here: http://web.mit.edu/knittel/www/papers/RIN_latest.pdf is a July 2015 study with

analytical data from professors at MIT, Univ. of Michigan, and Harvard entitled “The Pass-Through of RIN Prices to Wholesale and Retail Fuels under the Renewable Fuel Standard.”

On page 19, the authors conclude that “*Taken together, these results support the view that RIN prices are passed through quickly, but not immediately, into the wholesale prices of obligated fuels.*”

Will Hupman

Director – Federal Relations | American Petroleum Institute

desk: 202-682-8396 | cell: 202-615-7192 | hupmanw@api.org