

# Ethanol/Biomass-Based Diesel RIN Prices: U.S. Energy Information Administration Report Notes Near Record Highs



**Walter Wright, Jr.**  
wwright@mwlaw.com  
(501) 688.8839

02/25/2021

The United States Energy Information Administration (“EIA”) issued a February 24th report titled:

*Ethanol and Biomass-Based Diesel RIN Prices Approaching All-Time Highs (“Report”)*

The EIA *Report* states that the prices of Renewable Identification Number (“RIN”) credits:

. . . have been steadily rising in recent months and are approaching their highest nominal levels in the history of the program.

The Renewable Fuel Standard (“RFS”) program was created by Congress to expand the United States’ renewable fuel sector. The program was authorized under the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007. The 2005 and 2007 acts amended the Clean Air Act.

The United States Environmental Protection Agency (“EPA”) implements the program in consultation with the United States Department of Agriculture and Department of Energy.

The RFS program requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or jet fuel. The four renewable fuel categories under the RFS are:

- Biomass-based diesel
- Cellulosic biofuel
- Advanced biofuel
- Total renewable fuel

The parties obligated under the RFS program include refiners or importers of gasoline or diesel fuel. They achieve compliance by blending renewable fuels into transportation fuel, or obtaining credits (i.e., RINs) to meet the specified Renewable Volume Obligation (“RVO”). The RVO is established every year through a EPA rulemaking.

EPA uses RINs to track renewable transportation fuels. They are proof of compliance for regulated oil companies to be able to meet the blending requirements set forth under the RFS. RINs are generated when a producer makes a gallon of renewable fuel.

Obligated parties that produce or own RINs must register with EPA and comply with the record reporting guidelines on a quarterly basis. Any entity blending ethanol and gasoline may sell RINs to one another.

The EIA *Report* notes that the price of RIN credits reflects compliance and trading activities in the RFS. It states that:

. . . the corn ethanol (D6) RIN price reached more than \$1.00 per gallon (gal.) in late January and early February 2021. . .

This is stated to be the highest price since 2013 when the D6 RIN price reached an all-time high. Also noted is the biomass-diesel (D4) RIN price which is applied to volumes of both biodiesel and renewable diesel fuels and approached \$1.20 a gallon during the same period.

The reason for the increase is stated to be limited fuel production as a result of lower fuel demand related to responses to COVID-19. Also cited are fewer approved new small refinery exemptions since 2018 along with the uncertainty related to future RFS levels.

A copy of the *Report* can be downloaded [here](#).