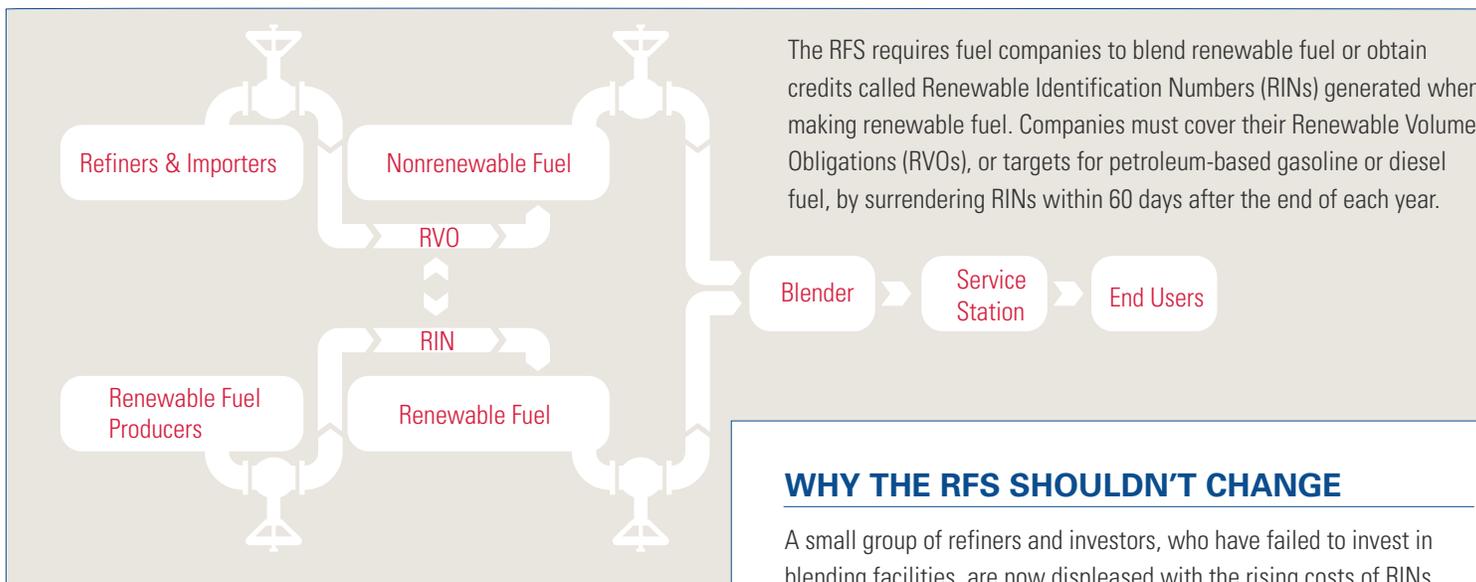


THE RENEWABLE FUEL STANDARD AND COMPLIANCE REQUIREMENTS

WHAT IS THE RFS?

The Renewable Fuel Standard (RFS) is a federal policy that requires transportation fuel sold in the U.S. to contain a minimum volume of renewable fuel. The policy was created by Congress and implemented by the EPA to displace traditional fuel from unstable sources with renewable substitutes to promote clean air, stable prices, stable supply and economic opportunity in rural areas that produce feedstocks and refine renewables.

HOW THE RFS WORKS



WHY THE RFS WORKS

Renewable fuels will only be integrated into the nation's fuel supply if prices are competitive with traditional petroleum-based fuel. The RFS places compliance requirements on the parties who control the composition of fuels: Refiners and importers. This structure creates a strong incentive for downstream fuel marketers to blend renewable fuels into the supply chain while lowering gas prices.

 Saves consumers up to **\$1.50/gallon**¹

 Reduces GHG emissions by **40 MMT**³

 Supports more than **350,000 U.S. jobs**²

 Increases U.S. household incomes by **\$23.5 billion**⁴

WHY THE RFS SHOULDN'T CHANGE

A small group of refiners and investors, who have failed to invest in blending facilities, are now displeased with the rising costs of RINs, and are pushing for a government bailout to shift these costs down the supply chain. Yet in an unprecedented show of unity, the remainder of the industry – from fuel marketers and retailers to renewable fuel companies and refiners – support keeping the current compliance requirements.

Shifting the compliance structure would undercut the objectives of the RFS and:

- **Increase Gas Prices** – Downstream marketers' ability to satisfy their obligations would be dictated by upstream counterparts, who have the leverage and incentive to raise prices.
- **Decrease Renewable Fuel Use** – Renewable fuels sold at retail would be less price-competitive, and therefore less attractive to consumers.
- **Increase Administrative Compliance Costs** – EPA and private sector costs would escalate due to the significant increase in obligated parties.

1. Commentary: Renewable Fuels Legislation Cuts Crude Prices, Philip Verleger, September 2013

2. Contribution of the Ethanol Industry to the Economy of the United States in 2015, ABF Economics, John Urbanchuk, February 2016

3. U.S. Environmental Protection Agency, 2015

4. Contribution of the Ethanol Industry to the Economy of the United States in 2015, ABF Economics, John Urbanchuk, February 2016