

# BIOFUELS CAN

Volume 9 / Issue 17 / January 24, 2020

## PLATTS KEY DAILY ETHANOL ASSESSMENTS

		Low-High	Midpoint	Change
<b>United States (¢/gal)</b> (PBF page 210)				
Ethanol Chicago (terminal)	AALRI00	132.05-132.15	132.100	-0.900
Ethanol swap Chicago (Feb )	ESCM001	132.95-133.05	133.00	-1.00
<b>Brazil cargo assessments (\$/cu m)</b> (PBF page 220)				
Ethanol FOB Santos cargo	AAWF000	565.95-566.05	566.00	-4.00
Anhydrous NNE Brazil delivered Suape* (R\$/cu m)	AAXFW04	2545.00-2555.00	2550.00	+35.00
<b>Northwest Europe (€/cu m)</b> (PBF page 1210)				
Ethanol T2 FOB Rotterdam	AAYDT00	686.50-687.50	687.00	+3.75
<b>Asia Pacific (\$/cu m)</b> (PBF page 2210)				
Bioethanol CIF Philippines	AAWAA00	458.00-460.00	459.00	+0.00

\*Weekly price assessed 4:30 pm local time on January 24

## PLATTS KEY DAILY BIODIESEL ASSESSMENTS

		Low-High	Midpoint	Change
<b>Northwest Europe (\$/mt)</b> (PBF page 1310)				
FAME 0 (RED) FOB ARA	AAWGI00	902.50-907.50	905.00	-14.25
RME (RED) FOB ARA	AAWKG00	1007.50-1012.50	1010.00	-9.25
<b>Northwest Europe premiums (\$/mt)</b> (PBF page 1313)				
FAME 0 (RED) FOB ARA	AAANT00	366.50-371.50	369.00	-5.00
RME (RED) FOB ARA	AAXNU00	471.50-476.50	474.00	+0.00
<b>United States (¢/gal)</b> (PBF page 310)				
Biodiesel B100 SME Chicago	AAURR00	248.35-248.45	248.40	-0.75
<b>Asia (\$/mt)</b> (PBF page 2310)				
Biodiesel FOB Southeast Asia	AAVSV00	799.90-800.10	800.00	-14.00

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### US D3 RINs rally on lower December generation

Prices for 2019- and 2020-vintage US D3 renewable identification numbers spiked Friday as lower-than-expected December generation sent obligated parties looking for the credits.

“Obligated parties won’t be able to meet” their obligation requirements, said one source. “But I also heard that the December generation lull is expected to be made up in January.”

S&P Global Platts assessed D3 RINs for 2020 compliance at \$1.19/RIN Friday, compared with 84 cents/RIN on Thursday. Platts assessed 2019 D3 RINs at \$1.16/RIN, compared with Thursday’s 82 cents/RIN.

[\(continued on page 10\)](#)

### California LCFS credits set record high for second straight day

- Market expected to top out at \$217/mt
- Sellers hard to find

Carbon credits under California’s Low Carbon Fuel Standard reached an all-time high for the second straight day on Friday.

S&P Global Platts assessed first-quarter 2020 credits at \$213/mt, breaking the previous record of \$212.50/mt, reached on Thursday.

The assessment was based on a trade at that level.

A market source told Platts that a lack of sellers in the market has pushed prices up. In addition, many in the market expect that prices will continue to rise up to \$217/mt, the level that California regulators are expected

to set as the cap for credit prices later in the year.

“Some are guessing we all move just below the cap and stay there,” the source said. “Just like \$200/mt. Once we crossed it, the market will find the next barrier.”

[\(continued on page 10\)](#)

### RME (RED) FOB ARA BIODIESEL PREMIUM



Source: S&P Global Platts

## ETHANOL MARKET COMMENTARY

### United States

#### Platts US Ethanol Daily Commentary

- Ethanol falls on lower corn
- Rising prices for LCFS push California lower

US ethanol prices Friday gave back some of Thursday's gains, as corn prices retreated.

Corn futures slipped 6.5 cents to settle at \$3.8725/bu, as concerns about the Wuhan coronavirus hurt the grains markets. Some of that talk apparently reached the ethanol market as well, according to one source. Regardless of the reason, trade activity was abysmal Friday morning. Little chatter was heard, even in typically active markets such as Chicago Argo and New York harbor.

Paper markets slipped 75 points to a cent on the day, and many physical markets followed suit. California markets led all declines at 1.25 cents, pushed lower by soaring LCFS prices that have reached \$213/mt. The rally in LCFS prices were attributed to a lack of sellers in the market, and the tendency for prices for the credits to rise to the price cap that the California Air Resources Board sets each year. This year, the credit is expected to be set at \$217/mt.

In other markets, the February RBOB contract settled 4.50 cents lower on the day at \$1.5152/gal. The markets for RINs were mixed on Friday. D6 ethanol RINs for 2019 were unchanged at 9 cents/RIN, while advanced and biodiesel RINs for 2018 were 43.5 cents/RIN and 45 cents/RIN, both 2 cents higher on the day.

#### Platts US Ethanol Daily Assessment Rationale

S&P Global Platts assessed Chicago Argo ethanol at \$1.3210/gal Friday.

There were three trades in the Platts Market on Close assessment process for Argo. Bids traded twice at \$1.32/gal, before an offer fell to \$1.3210/gal, and was not re-offered. Argo was assessed at the last traded level.

Platts assessed New York Harbor any-February at

\$1.4325/gal and any-March at \$1.4550/gal. Any-February was assessed at an unchanged 10.25-cent premium to the February Chicago ethanol swap. Any-February was last heard offered at an 11-cent premium to the February swap. Any-March was assessed at a 10.5-cent premium to the March Chicago ethanol swap. Any-March was last heard bid at 10 cents, offered at 11 cents and valued at 10.50 cents over the March swap. Platts assessed the March Chicago ethanol swap at \$1.35/gal.

This rationale applies to symbol(s) <AAMPF00> <AAUEG00> <AALRIO0>.

#### Platts US California Ethanol and LCFS Assessment Rationale

S&P Global Platts assessed first-quarter California Low Carbon Fuel Standard carbon credits Friday at \$213/mt, based on the last heard trade heard at that level.

Second-quarter credits were assessed at \$212/mt, at an unchanged \$1/mt discount to first-quarter credits. Platts assessed the prompt Northern California ethanol market with 91.98 CI at \$1.2525/gal. Northern California rail cars with sub-75 CI were valued at \$1.55/gal, moving in line with the February Chicago ethanol swap. The value was normalized to 91.98 CI using the Platts LCFS credit assessment. Southern California rail cars were assessed flat to Northern California.

This rationale applies to symbol(s) <AAXYA00> <AAXYZ00> <AAMNK00> <AAMFT00>

#### Platts US RINs Daily Assessment Rationale

D6 RINs for 2019 were assessed Friday at 9 cents/RIN, the last-traded level.

D6 RINs for 2020 were assessed at 15.75 cents/RIN, based on a last-heard spread to 2019 D6 RINs between a 6.5-7 cents/RIN premium. D6 RINs for 2018 were assessed at an unchanged 5-cent discount to 2019 D6 RINs.

D4 RINs for 2019 were assessed at 44 cents/RIN, a 3-cent premium to 2020 D4 RINs based on market valuations. D4 RINs for 2020 were assessed at 41 cents/RIN, the last-traded level. D4 RINs for 2018 were assessed at an unchanged 1.5-cent discount to 2019 D4 RINs.

Advanced (D5) RINs for 2019 were assessed at a 0.50-cent discount to 2019 D4 RINs, based on market valuations at that level. Advanced RINs for 2020 were assessed at a 0.50-cent discount to 2020 D4 RINs, based on market valuations at that level. Advanced RINs for 2018 were assessed at a 0.50-cent discount to 2019 D5 RINs, based on market valuations at that level.

D3 RINs for 2019 were assessed at 116 cents/RIN, above a 115 cents/RIN bid. D3 RINs for 2020 were assessed at 119 cents/RIN, above a 118 cents/RIN bid. D3 RINs for 2018 were assessed at an unchanged 2-cent discount to 2019 D3 RINs.

This rationale applies to symbol(s) <RINCY01>, <RINCY02>, <RINCY03>, <ABRCY01>, <ABRCY02>, <ABRCY03>, <BDRCY01>, <BDRCY02>, <BDRCY03>, <CBRCY01>, <CBRCY02> and <CBRCY03>.

#### Platts US Distiller Grains DDGS Daily Commentary

- Lower CBOT corn, soybean meal futures weigh on DDGS
- Additional pressure from low volume of export sales

US DDGS were mixed Friday, with the CIF New Orleans in-barges market steady, but the FOB Chicago in-trucks market lower, sources said.

Concerns over the spreading coronavirus pressured the CBOT corn and soybean meal futures, and DDGS followed the bearish trend, sources said.

Additional pressure came from the low volume of export sales, despite DDGS being competitive for exports.

CBOT March corn futures dropped 6.5 cents to \$3.8725/bu, and CBOT March soybean meal futures fell 60 cents to \$298.30/st.

The Platts DDGS value relative to corn — which measures the Platts CIF DDGS assessment as a percentage of its CIF New Orleans corn assessment for front-month deliveries — rose 1.90 percentage points to 113.96%.

The DDGS relative value for Chicago — using the Platts Chicago FOB DDGS assessment as a percentage of the front-month CBOT corn futures contract — rose 1.26 percentage points to 119.30%.

**Platts US Dried Distiller Grains DDGS Daily Assessment Rationale**

The New Orleans CIF DDGS barge market for January shipment was assessed at \$180/st Friday, unchanged, based on higher bids heard at \$179/st and offers heard higher at \$183/st.

The higher bids did not disprove the previous assessment level.

The Chicago FOB DDGS market for February delivery was assessed \$1 lower at \$165/st, based on offers heard lower at \$166/st and bids heard lower at \$163/st.

This rationale applies to symbol(s) <ACDDG00> and <AADDG00>.

**Brazil**

**Platts Brazil Ethanol Daily Commentary**

- Distributors slowed their purchases of ethanol
- Petrobras decreased gasoline prices at refineries 1.5% on Friday

Hydrous ethanol prices in Brazil's key Center-South region were marginally weaker Friday, with bids heard at Real 2,500/cu m, offers at Real 2,510/cu m and multiple trades heard at Real 2,500/cu m in the late afternoon.

S&P Global Platts assessed hydrous ethanol ex-mill Ribeirão Preto at Real 2,500/cu m Friday, at the last traded price heard and a decrease of Real 5/cu from Thursday.

Liquidity and trading volumes were again low on Friday as distributors and mills continued to digest the Petrobras gasoline price decrease of 1.5% at refineries instituted on Friday. The last adjustment made by Petrobras in the price of gasoline had been on January 14 when the price of gasoline at refineries was adjusted downwards by 3%.

Petrobras utilizes a fuel pricing policy, which include energy and foreign exchange components to ensure Brazilian domestic prices are in line with international markets.

ICE Brent Crude March futures have decreased 15.4% from the high set on January 8 to Friday's settlement price of \$60.67/b and NYMEX RBOB March futures have decreased 15.8% from the high set the same date to

**US ETHANOL PRICE ASSESSMENTS**

		Low-High	Midpoint	Change
<b>United States (¢/gal) (PBF page 210)</b>				
Ethanol Chicago (terminal)	AALRI00	132.05-132.15	132.100	-0.900
Ethanol Chicago (Rule 11)	AAVND00	132.70-132.80	132.75	-1.00
Ethanol swap Chicago (Feb )	ESCM001	132.95-133.05	133.00	-1.00
Ethanol swap Chicago (Mar )	ESCM002	134.95-135.05	135.00	-0.75
Ethanol NYH Barge (Feb)	AAMPF00	143.20-143.30	143.250	+4.000
Ethanol NYH Barge (Mar)	AAUEG00	145.45-145.55	145.500	+1.250
Ethanol Houston 5-15 Tank	AATGJ00	145.20-145.30	145.25	-1.00
<b>Southern California Rail Car Assessments (¢/gal) (PBF page 210)</b>				
Ethanol prompt	AAMNK00	125.20-125.30	125.25	-1.25
Ethanol premium to Chicago swap (Feb )	AAVYD00		-7.75	-0.25
<b>Northern California Rail Car Assessments (¢/gal) (PBF page 210)</b>				
Ethanol Prompt	AAMFT00	125.20-125.30	125.25	-1.25
Ethanol premium to Chicago swap (Feb )	AAVXD00		-7.75	-0.25
<b>LCFS Carbon Credits (\$/mt) (PBF page 214)</b>				
Front quarter ( Q1 )	AAXYA00	212.75-213.25	213.00	+0.50
Second quarter ( Q2 )	AAXYZ00	211.75-212.25	212.00	+0.50

**US DRIED DISTILLER GRAINS PRICE ASSESSMENTS (\$/ST) (PBF page 501)**

		Low-High	Midpoint	Change
CIF New Orleans barge	AADDG00	179.95-180.05	180.00	0.00
FOB Chicago truck	ACDDG00	164.95-165.05	165.00	-1.00

Friday's settlement price of \$1.5250/gallon

If ICE Brent Crude and NYMEX RBOB futures continue to decrease, than the Petrobras average gasoline price for distributors will most probably continue to decrease thus putting downward pressure on hydrous ethanol prices in the near-term because of a decrease in consumer demand for ethanol at the pump.

"Distributors have again slowed purchases of ethanol with expectations of lower prices in the near term due to the continued sell off of gasoline and oil futures in international markets," said one Sao Paulo-based broker.

Many market participants have continued expectations for higher ethanol prices by the end of January.

The ICE March NY11 sugar futures contract settled Friday at a 0.64 cent/lb discount to hydrous ethanol in raw

sugar equivalent.

**Platts Brazil FOB Santos Anhydrous Ethanol Daily Rationale**

FOB Santos anhydrous ethanol for loading 10-30 days forward was assessed Friday at \$566/cubic meter, down \$4 from Thursday.

Platts assessed domestic anhydrous ethanol at Real 2,385/cu m ex-mill Ribeirão Preto, down Real 5 from Thursday.

Platts also took into consideration an offer at Real 2,400/cu m in Catanduva, which typically trades at a Real 10 discount to Ribeirão Preto.

The domestic anhydrous ethanol premium over hydrous was unchanged at 8.43% net of the ICMS tax. Platts assessed hydrous ethanol ex-mill Ribeirão Preto at Real

2,500/cu m Friday, at the last-traded price heard and a decrease of Real 5 from Thursday.

Platts assessed Grade B, FOB Santos for 20-30 days forward loading at \$553/cu m, down \$4 from Thursday. FOB prices decreased Friday because of marginal weakness in domestic ethanol prices combined with a depreciation in the Brazilian real against the US dollar.

In the FOB assessments, Platts considered a weaker Brazilian real against the US dollar at Real 4.1865/\$1 from Real 4.1662/\$1 Thursday.

This rationale applies to symbol(s) <AAWF000>.

### Platts NNE Brazil Ethanol Weekly Commentary

- US ethanol import arbitrage closed in Real 18/cu m for non quota market
- Anhydrous ethanol stocks in the NNE down 8.9% year on year

Anhydrous ethanol price in Brazil's North-Northeast region moved up Real 35/cu m in the week that ended Friday, January 24, well supported by the small availability in the region.

S&P Global Platts assessed anhydrous ethanol DAP Suape at real 2,550/cu m, the highest price ever assessed. Platts launched this assessment back in November 2017.

This upward movement has been observed since the beginning of January as mills were not in a rush to sell anhydrous and the imported availability was thin.

Anhydrous ethanol stocks in the North-Northeast was recorded by the Ministry of Agriculture and Livestock, or MAPA, at 147 million liters as of December 31, a drop of 8.9% year on year and the lowest for the period since Platts started to track it in 2009. The lower stocks are a reflect of a huge fell in the Brazilian ethanol import in 2019 recorded at 1.01 billion liters or 25% drop year on year.

Mills from Pernambuco and Alagoas states were seen offering anhydrous in the spot market at Real 2,510/cu m, also the last level heard traded on Friday in Pernambuco state.

“Unlike to what was observed in the prior years, mills were not lowering the price to attract new demand,” said a regional distributor.

### RENEWABLE IDENTIFICATION NUMBER (RIN)

(c/RIN)	Rolling code	Calendar code	Low-High	Midpoint	Change
<b>Ethanol (D6)</b> (PBF page 201)					
RIN Calendar-Year 2018	RINCY01	RD62018	3.95-4.05	4.00	+0.00
RIN Calendar-Year 2019	RINCY02	RD62019	8.95-9.05	9.00	+0.00
RIN Calendar-Year 2020	RINCY03	RD62020	15.70-15.80	15.75	+0.00
<b>Biodiesel (D4)</b> (PBF page 301)					
RIN Calendar-Year 2018	BDRCY01	RD42018	42.45-42.55	42.50	-2.00
RIN Calendar-Year 2019	BDRCY02	RD42019	43.95-44.05	44.00	-2.00
RIN Calendar-Year 2020	BDRCY03	RD42020	40.95-41.05	41.00	-1.00
<b>Advanced biofuel (D5)</b> (PBF page 201)					
RIN Calendar-Year 2018	ABRCY01	RD52018	41.95-42.05	42.00	-2.00
RIN Calendar-Year 2019	ABRCY02	RD52019	43.45-43.55	43.50	-2.00
RIN Calendar-Year 2020	ABRCY03	RD52020	40.45-40.55	40.50	-1.00
<b>Cellulosic biofuel (D3)</b> (PBF page 201)					
RIN Calendar-Year 2018	CBRCY01	RD32018	113.95-114.05	114.00	+34.00
RIN Calendar-Year 2019	CBRCY02	RD32019	115.95-116.05	116.00	+34.00
RIN Calendar-Year 2020	CBRCY03	RD32020	118.95-119.05	119.00	+35.00

The calendar codes indicate the traditional full calendar year codes for Platts RINs assessments, while the supplementary rolling codes are unique to the specific calendar-year RINs.

### PLATTS US RENEWABLE VOLUME OBLIGATION – CALCULATED VALUES (PBF page 302)

	¢/gal	Change	Biodiesel	Ethanol	%/gal	Advanced Biofuel	Cellulosic
2018 RVO	RVOY018 1.4506	+0.0099	RVB018 1.7400	RVEY018 8.3000	RVAY018 0.4710	RVCY018 0.1590	
2019 RVO	RVOY019 2.0977	+0.0286	RVB019 1.7300	RVEY019 8.2600	RVAY019 0.7500	RVCY019 0.2300	
Current Year	RVOR002						
2020 RVO	RVOY020 2.6381	+0.0769	RVB020 1.9900	RVEY020 8.1700	RVAY020 0.4700	RVCY020 0.2900	

RVOs are Renewable Volume Obligation values. RVO is the aggregate cost of the Renewable Identification Number percentages per gallon of transportation fuel for biodiesel, ethanol, advanced biofuel, and cellulosic ethanol as mandated by US Environmental Protection Agency in Renewable Fuel Standard Program (RFS2). Platts calculates these RVO values factoring the value of biodiesel, ethanol, advanced biofuel and cellulosic biofuel RIN credits as assessed by Platts for the respective RVO years; RINs are assessed as cents/RIN.

### ETHANOL PRICES AT KEY RACK LOCATIONS (¢/gal)

	Des Moines	Grand Forks	Kansas City	Minneapolis	Omaha	Sioux Falls	Tulsa
C&N Eth	DE059TV 137.00	DE175TV 163.00	DE099TV 137.00	DE141TV 133.00	DE185TV 135.00	DE256TV 132.00	
BioUrja	DE059QB 138.00	DE175QB 141.00	DE099QB 139.00	DE141QB 139.00	DE185QB 138.00	DE256QB 139.00	DE229QB 153.00
FI Hills	DE059IF 130.00	DE175IF 133.00	DE099IF 138.00	DE141IF 129.00	DE185IF 132.00	DE256IF 127.00	
Hartland	DE059UJ 131.00		DE099UJ 135.00	DE141UJ 130.00	DE185UJ 131.00	DE256UJ 169.00	DE229UJ 141.00
RPMG	DE059QW 132.75	DE175QW 135.00	DE099QW 138.75	DE141QW 130.25		DE256QW 129.50	DE229QW 152.00
Western		DE175FN 144.00	DE099FN 145.00	DE141FN 139.00	DE185FN 142.00	DE256FN 138.00	DE229FN 152.00

Prices effective as of 12:01 am EST 24.JAN20, provided by DTN.

Imports were also limited in the spot market and just one seller was placing spot offers at Real 2,560/cu m.

According to Platts calculations imported anhydrous ethanol delivered CIF Suape, without the 20% import tariff, was valued at Real 2,152/cu m, a drop of Real 29/cu m week on week, which was attributed to a cheaper US ethanol. The lower import cost, combined with higher regional prices reflected in a wider open import arbitrage at Real 398/cu m for producers with import quota, while the out of quota market, paying 20% import tariff, was valued at Real 2,568/cu m, a marginal closed arbitrage of Real 18/cu m or less than \$4.50/cu m.

A few vessels are expected to enter the country in February and March, however the price impact of this higher availability in the near term was still not possible to be tracked.

**Platts NNE Brazil Ethanol Weekly Assessment Rationale**

DAP Suape anhydrous ethanol for one to 15 days forward from date of publication was assessed at Real 2,550/cubic meter Friday, up Real 35 week on week.

The assessment considered the last-trade heard in the market Thursday, of 500 cu m, DAP Suape at Real 2,550/cu m and outstanding offers at Real 2,560/cu m.

A trade of 90 cu m was reported Friday basis ex-mill Pernambuco, which has a freight of Real 40/cu m to Suape hub, but this volume was below the 250 cu m minimum considered in the Platts methodology.

This rationale applies to symbol(s) <AAXFW04>.

**Northwest Europe**

**Platts European Ethanol Daily Commentary**

- T2 spot price supported by prompt buying interest
- Paper values weaken along the curve

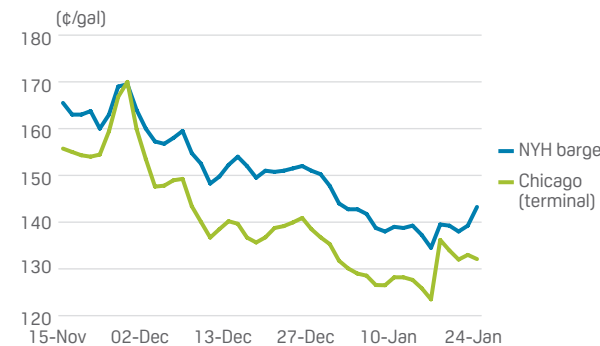
Stronger buying interest Friday supported the T2 ethanol price by pushing Eur3.75 higher on the day to Eur687/cu m FOB Rotterdam.

However, material was also on offer in the spot market, and a source commented that this is “a sign that we’re not that dry.” The paper market was weaker on the day, after a

**BRAZIL ETHANOL PRICE ASSESSMENTS**

		Low-High	Midpoint	Change
<b>Brazil Cargo Assessments</b> (PBF page 220)				
Ethanol FOB Santos Cargo (¢/gal)	AATAE00	214.25-214.35	214.30	-1.50
Ethanol FOB Santos Cargo (\$/cu m)	AAWFO00	565.95-566.05	566.00	-4.00
Ethanol FOB Santos Cargo (R\$/cu m)	AAWFP00	2369.55-2369.65	2369.60	-5.10
<b>Hydrous ANP</b> (PBF page 223)				
Domestic Ex-mill Ribeirao with taxes (R\$/cu m)	AAXNQ00	2495.00-2505.00	2500.00	-5.00
FOB Santos/Paranagua (\$/cu m)	AAXNR00	520.50-525.50	523.00	-4.00
<b>Anhydrous ANP</b> (PBF page 223)				
Domestic Ex-mill Ribeirao with taxes (R\$/cu m)	AAXNW00	2380.00-2390.00	2385.00	-5.00
Anhydrous NNE Brazil delivered Suape* (R\$/cu m)	AAXFW04	2545.00-2555.00	2550.00	+35.00
*Weekly price assessed 4:30 pm local time on January 24				
<b>Grade B</b> (PBF page 223)				
FOB Santos/Paranagua (\$/cu m)	AAXNS00	550.50-555.50	553.00	-4.00
<b>Daily Prices</b> (PBF page 226)				
Spot Ex-mill Ribeirao Hydrous expressed as Raw Sugar equivalent (basis 96 degrees pol) (¢/lb)	AAXOA00	15.02-15.04	15.03	-0.10
Spot FOB Anhydrous direct to FOB NY (inc. D5 value) (\$/gal)	AAXNO00	1.94-1.96	1.95	+0.01
Spot FOB Anhydrous direct to FOB NY (inc. D5 value) (\$/cu m)	AAXNP00	512.50-517.78	515.14	+2.65

**ETHANOL CHICAGO AND NYH**



rally in second and third quarter values in recent weeks.

Sources reported an uptick on overall spot activity for February, as most January business had already been booked before the Christmas break.

In Germany, some petrol stations have shifted E10 pricing to parity with E5, or a 1 cent discount, from the

**ETHANOL T2 FOB ROTTERDAM**



previous 3 cent discount. This put the price elasticity of E10 demand to the test and saw some buyers shifting away from the higher blend, according to sources.

**Platts European Ethanol Daily Assessment Rationale**

Platts assessed T2 ethanol at Eur687/cu m FOB Rotterdam



Friday, up Eur3.75/cu m from Thursday. February 6 loading was assessed at Eur685/cu m, reflecting a bid up to and trade at that level for back-end dates February 4-8. The physical structure was assessed unchanged in a backwardation of Eur0.67/cu m a day.

This rationale applies to symbol(s) <AAYDT00>

## Asia

### Platts Asia Ethanol Daily Commentary

- Offers in Ulsan, Philippines stable
- Resupply remains tight in Ulsan

The Asian fuel ethanol market was unchanged Friday from the day before in a short trading day.

US ethanol prices rebounded Thursday from a recent slide as the market responded to an upswing in corn prices. Corn futures settled 5 cents higher on the day at \$3.9375/bu as funds took long positions in anticipation of China's expected return to the grains market.

In the Philippines, offers were in the \$460-\$470/cu m range for March-April arrival.

In the Ulsan market, offers remained steady Friday from the day before at \$700/cu m CFR Ulsan ex-tank for March-May, with resupply remaining tight as Brazil is in the inter-crop period and Pakistani prices are on an uptrend. Offers for Pakistani ENA were reported \$800/mt FOB Karachi for Q2 loading, though most were sold out and no trade was reported at that level.

### Platts Asia Ethanol Daily Assessment Rationale

Asian fuel ethanol was assessed unchanged day on day at \$459/cu m CIF Philippines Friday, below offers at \$460-\$470/cu m.

Grade B ethanol was assessed unchanged over the same period at \$650/cu m CFR Ulsan for cargoes arriving between March 24 and April 23, in line with tradable value at \$650/cu m.

This rationale applies to symbol(s) <AAWAA00> <AAWAB00> <AAWAC00> <AAWAD00> <AAXVA00>

## NORTHWEST EUROPE ETHANOL PRICE ASSESSMENTS

		Low-High	Midpoint	Change
<b>Northwest Europe (PBF page 1210)</b>				
Ethanol T2 FOB Rotterdam German Spec (€/cu m)	AAVL00	686.50-687.50	687.00	+3.75
Ethanol T2 FOB Rotterdam (€/cu m)	AAVDT00	686.50-687.50	687.00	+3.75
Ethanol T2 FOB Rotterdam German Spec (\$/cu m)	AAVLD10	757.00-758.11	757.55	+3.31
Ethanol T2 FOB Rotterdam (\$/cu m)	AAVDT10	757.00-758.11	757.55	+3.31
Ethanol T1 FOB Rotterdam (\$/cu m)	AAWUQ00	452.25-453.25	452.75	+2.75
Ethanol T1 CIF NWE Cargo (\$/cu m)	AAVDS00	440.25-441.25	440.75	+2.75

### Northwest Europe Swaps Assessments (€/cu m) (PBF page 1610)

M1 (Feb)	AAACL00	659.50-660.50	660.00	-3.00
M2 (Mar)	AAACM00	651.50-652.50	652.00	-3.00
M3 (Apr)	AAACN00	644.50-645.50	645.00	-5.00
M4 (May)	AAACO00	637.50-638.50	638.00	-5.00
M5 (Jun)	AAACP00	630.50-631.50	631.00	-5.00
M6 (Jul)	AAACQ00	617.50-618.50	618.00	-3.00

## ETBE PRICE ASSESSMENTS

		Low-High	Midpoint	Change
<b>Northwest Europe (\$/mt) (PBF page 1420)</b>				
ETBE FOB AR	AAALQ00	921.75-922.25	922.00	-16.00
ETBE premium to MTBE	AAALQ02		245.00	+0.00

## ASIAN ETHANOL PRICE ASSESSMENTS

		Low-High	Midpoint	Change
<b>Fuel grade (\$/cu m) (PBF page 2210)</b>				
Bioethanol CIF Philippines	AAWAA00	458.00-460.00	459.00	+0.00
Bioethanol CIF Philippines H1 Mar	AAWAB00	458.00-460.00	459.00	+0.00
Bioethanol CIF Philippines H2 Mar	AAWAC00	458.00-460.00	459.00	+0.00
Bioethanol CIF Philippines H1 Apr	AAWAE00	458.00-460.00	459.00	+0.00
<b>Industrial (\$/cu m) (PBF page 2210)</b>				
Ethanol Grade B CFR Ulsan	AAAVA00	649.00-651.00	650.00	+0.00

## BIODIESEL MARKET COMMENTARY

### United States

#### Platts US Biodiesel Daily Commentary

- Differentials to ULSD tick higher as feedstock slides
- Rising D4 RIN prices bullish for producers

Biodiesel premiums rose on the day on valuations for

Chicago product between mid-30s to low 20s cents/gal, with differences in specifications making up much of the difference in the value range.

The market has seen a sluggish start to 2020, as poor blending economics kept many sidelined. Sources have said that production could take until the second quarter to return, especially for plants that shut down amid the lapse of the blender's tax credit from the

beginning of 2018.

The IRS announced last week that it would begin accepting applications for tax credit reimbursement for 2018 and 2019 beginning in mid-February, and those applications could take 60 days to process.

Some market participants need to see those reimbursements before returning to the market.

Associated RIN markets were modestly lower on the day, with the spread between 2019 and 2020 D4 RINs narrowing to 3 cents.

### Platts SME Biodiesel Daily Rationale

The Chicago SME biodiesel market was assessed at \$2.4840/gal, at a 75-cent premium to the NYMEX February ULSD futures contract, based on a market valuation for B99 at a mid-30s cents/gal discount to ULSD futures.

The US Gulf Coast SME biodiesel market was assessed at \$2.4840/gal, at a 75-cent premium to the NYMEX February ULSD futures contract, and flat to the Chicago B100 value.

This rationale applies to symbol(s) <AAURR00><AAURS00>

## BIODIESEL PRICE ASSESSMENTS

		Low-High	Midpoint	Change
<b>Northwest Europe (\$/mt) (PBF page 1310)</b>				
FAME -10 (RED) FOB ARA	AAWGH00	1000.00-1005.00	1002.50	-9.75
FAME 0 (RED) FOB ARA	AAWGI00	902.50-907.50	905.00	-14.25
PME (RED) FOB ARA	AAXNZ00	852.50-857.50	855.00	-14.25
RME (RED) FOB ARA	AAWKG00	1007.50-1012.50	1010.00	-9.25
SME (RED) FOB ARA	AAWGI00	937.50-942.50	940.00	-12.50
<b>Northwest Europe differential to ICE gasoil (\$/mt) (PBF page 1313)</b>				
FAME 0 (RED) FOB ARA	AAXNT00	366.50-371.50	369.00	-5.00
PME (RED) FOB ARA	AAXNY00	316.50-321.50	319.00	-5.00
RME (RED) FOB ARA	AAXNU00	471.50-476.50	474.00	+0.00
SME (RED) FOB ARA	AAXNX00	401.50-406.50	404.00	-3.25
<b>Asia (\$/mt) (PBF page 2310)</b>				
Biodiesel FOB Southeast Asia*	AAVSV00	799.90-800.10	800.00	-14.00
*Loadings in Southeast Asia normalized to Port Klang, Pasir Gudang and Lahad Datu				
<b>United States (¢/gal) (PBF page 310)</b>				
Biodiesel B100 SME Chicago	AAURR00	248.35-248.45	248.40	-0.75
Biodiesel B100 SME Houston	AAURS00	248.35-248.45	248.40	-0.75

(Delivered by truck or rail to location, 3-10 days ahead)

## S&P Global Platts BIOFUELSCAN

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## Northwest Europe

### Platts European Biodiesel Daily Commentary

- Gasoil falls on the back of concerns around Coronavirus
- RME prices steady for third day in a row

The FAME O premium fell \$5 to \$369/mt whilst the RME premium was unchanged for a third day in a row at \$474/mt.

Outright biodiesel prices were weaker as front month biodiesel fell \$9.25 to \$536/mt following traders expecting demand in China and possibly further afield to fall due to the outbreak of Coronavirus. Jet fuel is expected to be the prime indicator for oil with fewer flights in and out the region. CBOT soy oil prices fell further on Friday- down 0.38 cent/lb at 32.22 cents/lb with any rise in soybean level subdued by beneficial rains in Argentina and Brazil. RME values have remained unchanged for the last three days with physical trading liquidity low for the product.

Sources have said that RME margins remain strong, while there is plenty of product around which may lead to market participants holding off on purchases. UCOME prices have remained steady this week having risen due to high demand particularly in the UK.

Values have flat lined as the values for UCOME approach the fine threshold for non-blending. However, a trader said that firms' reputational concerns could lead them buying fuel to blend rather than paying the penalty, even if the financial cost of compliance is greater.

### Platts European Biodiesel Daily Assessment Rationale

The RED FAME O premium over ICE gasoil was assessed at \$369/mt FOB ARA Friday, down \$5 on the day.

The premium for RED RME over ICE gasoil was assessed at \$474/mt FOB ARA, unchanged from Thursday. The differential for biodiesel with minimum 57% greenhouse gas savings versus minimum 50% GHG savings was assessed at flat. The value for RED FAME O, February 2, was assessed at a premium of \$369/mt FOB ARA, reflecting an offer heard live at the close at \$370/mt. The value for RED RME, loading February 2, was assessed at \$474/mt FOB ARA, reflecting an offer heard live at close at \$475/mt. RED

PME over ICE gasoil, loading February 2, was assessed at a premium of \$319/mt FOB ARA, reflecting an unchanged discount of \$50/mt to FAME O. The structure for RED FAME O and PME was assessed unchanged at flat. The structure for RED RME was assessed unchanged at flat.

This rationale applies to symbol(s) <AAXNT00>, <AAXNU00>, <AAXNY00>

## Asia

### Platts Asia Biodiesel Daily Commentary

- CPO prices ease further with little Chinese support
- PME offers also head south

Palm-based biodiesel offers for RED PME FOB Malaysia (57%-60% GHG, or greenhouse savings) fell to \$880/mt for January and February cargoes, while offers for Non-RED PME were at \$860/mt, in line with falling crude palm oil prices.

"PME prices still need to be around \$800/mt before trades can take place," a Singapore-based broker said.

Another Indonesia-based producer said he would offer Non-RED PME at \$850/mt FOB Indonesia for February-loading cargoes.

"Nothing much is happening on the PME side, or even the palm market on Friday, with China-based traders already away for the Lunar New Year holidays," he said.

The front-month (February) Malaysian CPO futures fell \$13.53/mt to \$719.63/mt at 12:30 pm Singapore time (0430 GMT) Friday.

With China-based traders away for the holidays, other market participants had little incentive to trade Friday on a short trading day and amid the coronavirus outbreak in China which dampened appetite for risk assets.

### Platts Asia Biodiesel Daily Assessment Rationale

RED PME was assessed down \$14/mt day on day at \$800/mt FOB Southeast Asia Friday, following front month Bursa Malaysia CPO futures lower and below a non-RED PME FOB Indonesia offer normalized to \$870/mt.

This rationale applies to symbol(s) <AAVS00>

## BIOFUELS INDUSTRY NEWS

### US corn net export sales up 28% on week at 1.007 mil mt, above market expectations

US net export sales of corn for the 2019-20 marketing year totaled 1.007 million mt in the week ended January 16, up 28% from the previous week, according to US Department of Agriculture data released Friday.

In addition to the exports sales for the 2019-20 marketing year, the USDA said 2,000 mt of US corn was sold for the 2020-21 marketing year.

Market expectations for net export sales were between 500,000 and 950,000 mt for the current marketing year, sources said.

"[I] had to hit the side of my computer screen a couple times when I saw export sales were better than expected," a market participant said. "It's been a while."

The US corn is finally been competitive into Asia and other export destinations, the source added.

So far in the 2019-20 marketing year that began September 1, total commitments — cumulative exports plus outstanding sales — have reached 20.308 million mt, down 37% year on year and 34% below the five-year average. That total was up to 45% of the USDA's projection of 45.087 million mt of export sales for the current marketing year.

Outstanding export sales of US corn — product sold but not yet shipped — for the current marketing year totaled 10.482 million mt, 19% lower than a year earlier and 34% below the five-year average, the USDA said.

The top buyers in the current marketing year include Mexico on 9.331 million mt, Japan on 3.607 million mt, Colombia on 1.813 million mt, and Guatemala on 655,714 mt, the data showed.

The top corn buyers in the most recent week for deliveries in 2019-20 include Japan on 372,605 mt, Mexico on 269,938 mt, and Colombia on 154,488 mt.

Nicaragua bought 2,000 mt of US corn for deliveries in 2020-21 marketing year.



Since the start of the marketing year, 1.340 million mt of US corn has been committed for unknown destinations, including this week's sales of 9,026 mt, USDA data showed.

Net sales are considered a more appropriate indicator of the strength of the corn market than physical exports, because they reflect new sales. The outstanding export sales are considered an indicator of the strength of the New Orleans CIF barge corn market.

Of the total estimated US corn production for 2019-20, 12.9% is forecast to be exported, and US corn total exports are estimated to be 27.2% of the total corn exported in the world.

Corn is the primary feedstock for ethanol production in the US and the main competitor for dried distillers grains in feed rations.

## US CFTC to release new proposal on speculative position limits January 30

The US Commodity Futures Trading Commission is poised next week to propose a rule setting federal position limits on derivatives, advancing a long-awaited regulation with implications for oil, natural gas and electricity futures markets amongst others.

The commission has scheduled a vote on the proposal at an open meeting January 30. The regulation is one of the final, unfinished items on the CFTC's plate called for in the Dodd-Frank Act that followed the 2008 financial collapse.

In an Op-ed Thursday for the American Farm Bureau Federation, CFTC Chairman Heath Tarbert noted that for nearly a decade, the commission has grappled with setting limits on speculative positions in its agriculture and energy futures markets.

"If correctly calibrated, these limits could prevent corners or squeezes, which are nefarious tactics to manipulate the market by intentionally driving up or down prices during the last days of a contract," he wrote.

But he emphasized that the exception to the limits is as important as the rule itself, and promised that a carve-out for *bona fide* hedging will be flexible.

Tarbert noted the proposal would leverage work done

by derivatives exchanges over the past 30 years in administering their own position limits. The CFTC has been examining having the exchanges administer the process of granting hedging exceptions.

"Exchanges interact with market participants daily and understand their hedging strategies," he said. "And exchanges can act more quickly, and with less red tape, than the government."

## US biodiesel blending economics remain poor despite feedstock dip

Blending economics in the US biodiesel market remained poor Friday even as feedstock soybean oil futures slid.

"Economics have stalled as RINs have moved up, [BO-HO] is moving against [producers]," said one source, "and we've lost almost 30 cents on NYMEX [ULSD] so far this year."

The sharp tumble in ULSD futures has made blenders less interested in buying the biofuel, especially as producers have struggled to rebound from nearly two years without a \$1/gal blender's tax credit in place.

The US Congress reinstated the tax credit as part of a recent spending bill, but it could take months for biodiesel market participants to recoup their reimbursements for gallons blended in 2018 and 2019.

That has left offers above where most buyers are willing to pay.

CBOT soybean oil futures settled at 32.02 cents/lb Friday, their lowest level since December 11, 2019.

NYMEX ULSD futures settled at \$1.7340/gal, down from a 2020 peak of \$2.0614/gal on January 3. The sharp plunge in blendstock ULSD offset the lower feedstock costs and kept some producers on the sidelines.

S&P Global Platts calculated the BO-HO at 62.59 cents/gal Friday, up 2.37 cents/gal on the day. The biodiesel industry uses the BO-HO factor to measure the relationship between the price of soybean oil and heating oil.

Producers found some relief as 2020 D4 renewable identification numbers bounced off some of the lowest

## PLATTS FUTURES ASSESSMENTS (PBF page 2)

### Singapore close

BMD CPO (MYR/mt)	BMAA00	2925.00	-55.00
PO-GO (\$/mt)	POVGO00	167.17	-15.51

### London close

ICE LS Gasoil Mo1 (\$/mt)	AARIN00	536.00	-9.25
ICE LS Gasoil Mo2 (\$/mt)	AARIO00	537.75	-9.25
BO-GO (\$/mt)	CBAAA00	174.33	+0.87
NYSE Liffe Paris milling wheat (€/mt)	NLAAC00	195.50	-0.50
NYSE Liffe Paris rapeseed (€/mt)	NLAAB00	406.25	-1.25
NYSE Liffe Paris corn (€/mt)	NLAAA00	172.00	-0.25
CBOT soybean oil (¢/lb)	CBAAE00	32.22	-0.38
CBOT corn (¢/bu)	CBAAG00	390.25	-1.75
CBOT soybean meal (\$/st)	CBAA000	298.70	+0.80

### US close

CBOT soybean oil (¢/lb)	CBAA000	32.02	-0.46
CBOT corn (¢/bu)	CBAAF00	387.25	-6.50
CBOT soybean meal (\$/st)	CBAA000	298.30	-0.60
BO-HO (¢/gal)	CBABG00	62.59	+2.37

## PLATTS FOREIGN EXCHANGE ASSESSMENTS (PBF page 2)

### Singapore close

USD.MYR	AAWGA00	4.0672	+0.0013
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### London close

EUR.USD	AAFCW00	1.1027	-0.0012
USD.BRL	USBR000	4.1843	+0.0095

### US close

USD.BRL	USDRE00	4.1865	+0.0203
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prices seen in that vintage. Platts assessed 2020 D4 RINs at 41 cents/RIN Friday, down from 42 cents/RIN on Thursday, but above the 37 cents/RIN seen earlier in the week.

The US Environmental Protection Agency issues a RIN to track renewable fuel usage throughout the supply chain.

Refiners and importers — called "obligated parties" — use them to show the EPA that they have fulfilled their mandated government use of renewable fuels. If the obligated party has not used enough physical product, it can buy RINs to satisfy the quota.

## US D3 RINs rally on lower December generation [...from page 1](#)

Friday marked the highest level seen since May 2019 for 2019 D3 RINs and the highest price yet for 2020 RINs.

December typically sees D3 RIN generation double compared with November, but December 2019 saw only a 4.3% month-on-month increase, according to the most recent data from the US Environmental Protection Agency.

The EPA issues a RIN to track renewable fuel usage throughout the supply chain.

Refiners and importers – called “obligated parties” – use them to show the EPA that they have fulfilled their mandated government use of renewable fuels. If the obligated party has not used enough physical product, it can buy RINs to satisfy the quota.

## California LCFS credits set record high for second straight day [...from page 1](#)

The California Air Resources Board originally set its “soft cap” for LCFS credit prices at \$200/mt in 2016. In late 2019, the board changed the cap to a hard cap and prohibited the sale of any credits above that cap price. State regulations require the cap to be adjusted according to inflation based on the Consumer Price Index.

LCFS credits are generated as obligated parties produce fuels below the annual carbon intensity requirement. For example, in 2020 the gasoline standard is 91.98 CI. If a party produces gasoline that is 90 CI, it generates credits that can be sold in the market to parties that generated a deficit, or gasoline above 91.98 CI.

Each credit represents 1 mt of carbon emissions.

Since reaching \$174/mt on April 16, 2019, LCFS front-quarter credits have been steadily rising, breaking \$200/mt on August 28.

## DEALS SUMMARY

### US ethanol bids/offers/trades [\(PBF page 209\)](#)

■ MOC bids: CHICAGO ITT ARGO: PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: REDWOOD BIDS 5KB AT \$1.3275 PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: MERCURIA BIDS 5KB AT \$1.3275 PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: GUNVOR BIDS 5KB AT \$1.3000

■ MOC offers: CHICAGO ITT ARGO: PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: ECO-ENERGY OFFERS 5KB AT \$1.3320 PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: SHELL OFFERS 5KB AT \$1.3360 PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: HARVESTONE OFFERS 5KB AT \$1.3360 PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: GUNVOR OFFERS 5KB AT \$1.3500

■ MOC trades reported: CHICAGO ITT ARGO: PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: KEMPSTAR BUYS FROM VANTAGE\* 5KB AT \$1.3340 (19:14:19) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: MUREX SELLS TO BP\* 5KB AT \$1.3320 (19:15:13) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: MUREX SELLS TO MERCURIA\* 5KB AT \$1.3320 (19:17:20) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: FLINT HILLS SELLS TO BP\* 5KB AT \$1.3300 (19:22:36) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: MUREX SELLS TO REDWOOD\* 5KB AT \$1.3300 (19:22:40) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: FLINT HILLS SELLS TO MERCURIA\* 5KB AT \$1.3300 (19:22:51) PLATTS ETHANOL: JANUARY 28-FEBRUARY 7: HARVESTONE BUYS FROM FLINT HILLS\* 5KB AT \$1.3300 (19:29:05) PLATTS ETHANOL: JANUARY

28-FEBRUARY 7: HARVESTONE BUYS FROM VANTAGE\* 5KB AT \$1.3310 (19:29:07). Other trades reported: None.

### US ethanol exclusions [\(PBF page 209\)](#)

■ No data was excluded from the assessment.

The above price indications apply to the following market data codes: AALRIO0, AAMPFO0.

### US RIN bids/offers/trades [\(PBF page 206\)](#)

■ MOC bids: None.

■ MOC offers: None.

■ MOC trades reported: None. Other trades reported: None.

### US RIN exclusions [\(PBF page 206\)](#)

■ No data was excluded from the assessment.

The above price indications apply to the following market data codes: RINCY01, RINCY02, BDRCY01, BDRCY02, ABRCY01, ABRCY02.

### NWE ethanol bids/offers/trades [\(PBF page 1209\)](#)

■ PLATTS EU ETHANOL MOC BIDS ON CLOSE FOB ROTTERDAM PLATTS T2 ETHANOL: MW: JANUARY 31-FEBRUARY 4: CARGILL BIDS 1KCBM AT EUR672.00 PLATTS EU ETHANOL MOC OFFERS ON CLOSE NO OFFERS REPORTED PLATTS EU ETHANOL MOC TRADES ON CLOSE NO TRADES REPORTED

### NWE ethanol exclusions [\(PBF page 1209\)](#)

■ NO DATA WAS EXCLUDED FROM THE ASSESSMENT

## SUBSCRIBER NOTES:

### Lunar New Year publishing schedule for Platts Biofuels

The S&P Global Platts office in Singapore will be closed on Monday, January 27, 2020, for the Lunar New Year holiday, and there will be no publications or assessments from Singapore on that day.

The Biofuelscan will be published on that day without the Asian ethanol and biodiesel assessments and commentaries.

Normal Singapore publishing schedules will resume Tuesday, January 28.

For full details of Platts publishing schedule and services affected, refer to <http://www.platts.com/Holiday>.

For queries, please contact [support@platts.com](mailto:support@platts.com).

### Platts to update California ethanol assessments April 1

S&P Global Platts will update its North California Rail Car ethanol assessment to reflect a carbon intensity (CI) of 70, discontinue its existing South California Rail Car ethanol assessment, effective April 1, 2020, to better reflect where the bulk of spot market activity occurs.

Platts has observed that spot market liquidity for rail car ethanol in California has concentrated on ethanol with a CI in the high 60s-low 70s in recent years. In addition, an analysis of quarterly data from the California Air Resources Board in 2018-2019 also suggests that domestic ethanol, excluding imports, has averaged around a CI of 70.

The updated North California assessment will reflect a minimum volume of 145,000 gallons, or five rail cars, of ethanol that is delivered into the Richmond, Stockton, McClellan Park and Sacramento terminals in northern California.

Monday through Wednesday, the assessment reflects this-week shipment, while the assessment Thursday and Friday reflects next-week shipment.

Platts understands that the seller will provide a bill of lading to the railroad by end of day Saturday of the shipment week. The buyer will provide nomination to the seller by close of business on Thursday of the shipment week.

Platts will publish bids, offers and trades for California Rail Car ethanol with different CI levels, but these may be normalized to the reference CI of 70 for assessment purposes.

Platts will continue to publish this assessment as both a flat price and as a differential to the Platts Ethanol Chicago front-month

derivative in cents/gallon.

### New carbon intensity value

In addition, Platts will launch an assessment that values each point of Carbon Intensity (CI) for ethanol under California's Low Carbon Fuel Standard.

CI is expressed in grams of carbon dioxide equivalent per megajoule (gCO<sub>2e</sub>/MJ) and reflects the measure of Greenhouse Gas emissions associated with the life cycle of the fuel.

The new assessment will support normalization as needed for the updated Northern California Rail Car ethanol assessment and provide clarity for market participants regarding the cost variations between different CI levels of ethanol.

The published CI price per point will be calculated daily using the Platts assessment of front-quarter California LCFS credits (\$/mt) and the energy density of denatured ethanol, as published by the California Air Resources Board, and currently 81.51 MJ/gal then divided by 10,000 to give a cents/CI per gallon value.

Platts expects counterparties who trade in the Market on Close assessment process to use the value per CI point when applicable to normalize for the difference between the actual CI of the delivered ethanol and the 70 CI reference.

### Discontinuation of South California rail car ethanol prices

Platts will discontinue its existing delivered South California ethanol rail assessments, which reflect a CI equal to the annual gasoline standard, effective April 1, 2020.

Spot activity around non-obligated ethanol, or ethanol with a CI equal to the annual gasoline standard as set by the CARB, has been limited as trading has typically concentrated on reference CI levels that are closer to the final CI level of the physical ethanol that is delivered.

In 2019, the annual gasoline standard CI was 93.23 CI, while the CI of ethanol traded in California was in the high 60s-low 70s. In addition, Platts has observed that spot trading liquidity for ethanol rail cars delivered into South California terminals has fallen, while the North California spot trading liquidity has shifted to rail cars containing ethanol with CI levels in the high 60s-low 70s.

The discontinuation will affect the following assessments:

Ethanol SoCal Rail Prompt AAMNK00

Ethanol SoCal Rail Prompt MAvg AAMNM00

Ethanol SoCal Rail Premium to Ethanol Chicago IL Swap Mo01 AAVYD00

Ethanol SoCal Rail Premium to Ethanol Chicago IL Swap Mo01 MAvg AAVYD03

The daily assessments appear in the Platts price database under the symbols listed above, on Platts Biofuels Alert pages 10 and 210 and in Platts Biofuelscan. The monthly averages appear in the Platts price database under the symbols listed above and on Platts Biofuels Alert page 11 and 212.

Please send all feedback and questions to [americas\\_aggs@spglobal.com](mailto:americas_aggs@spglobal.com) and [pricegroup@spglobal.com](mailto:pricegroup@spglobal.com).

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available to the public upon request.

### Platts proposes to launch daily UCOME FOB ARA and UCO CIF ARA assessments

S&P Global Platts proposes, effective March 2, 2020, to launch a new daily spot physical assessment for Used Cooking Oil Methyl Ester (UCOME) FOB ARA and a new daily spot physical assessment for Used Cooking Oil (UCO) CIF ARA. The proposal is in line with interest for more transparent pricing in a growing waste and residues market in Europe, as part of increasing targets under the Renewable Energy Directive (RED) II.

#### UCOME FOB ARA

The UCOME FOB ARA assessment would reflect the daily traded or tradable value for UCOME loading barge basis FOB Amsterdam-Rotterdam-Antwerp, for product with a minimum of 87% GHG savings when compared to the fossil fuel comparator, as per the European Union's Fuel Quality Directive calculation.

The assessment would reflect material meeting the EN14214 specification, with a maximum CFPP of 0 degrees Celsius and a maximum water content of 350 ppm. The assessment would also reflect RED and German mandate compliant material eligible for UK and Dutch double-counting.

The assessment would reflect barges loading 3-15 days forward (Monday-Tuesday) and 5-15 days forward (Wednesday-Friday) from the date of publication, for a volume of 1000 - 3000mt

Platts proposes to publish UCOME price assessments as premiums

in \$/mt as well as outright values in Eur/mt using the weighted average value of the front month(s) ICE low sulfur gasoil future(s) across the date range reflected in the price assessment.

#### UCO CIF ARA

The UCO CIF ARA assessment would reflect the daily traded or tradable value for certified UCO, basis CIF ARA.

The assessment would reflect material with a maximum of 5% FFA (or a maximum of 6% from May 16 to August 15 to reflect summer spec), a maximum of 2% MIU (or a maximum of 3% from May 16 to August 15 to reflect summer spec), maximum 50ppm sulfur and a minimum of 80gr iodine per 100gr of biodiesel.

The assessment would reflect UCO parcels of 300-1,500 mt, delivered in shipping containers carrying flexibags. The UCO assessment would reflect vessels loading 15-30 days forward from the date of publication, for delivery on commensurate dates on a CIF ARA basis.

Platts proposes to publish UCO price assessments as an outright value in \$/mt.

Both the UCO and UCOME assessments would reflect a market close time stamp of 16:30 London time.

As part of this launch Platts also proposes to discontinue publishing the most competitive bid-offer range heard for UCOME, currently

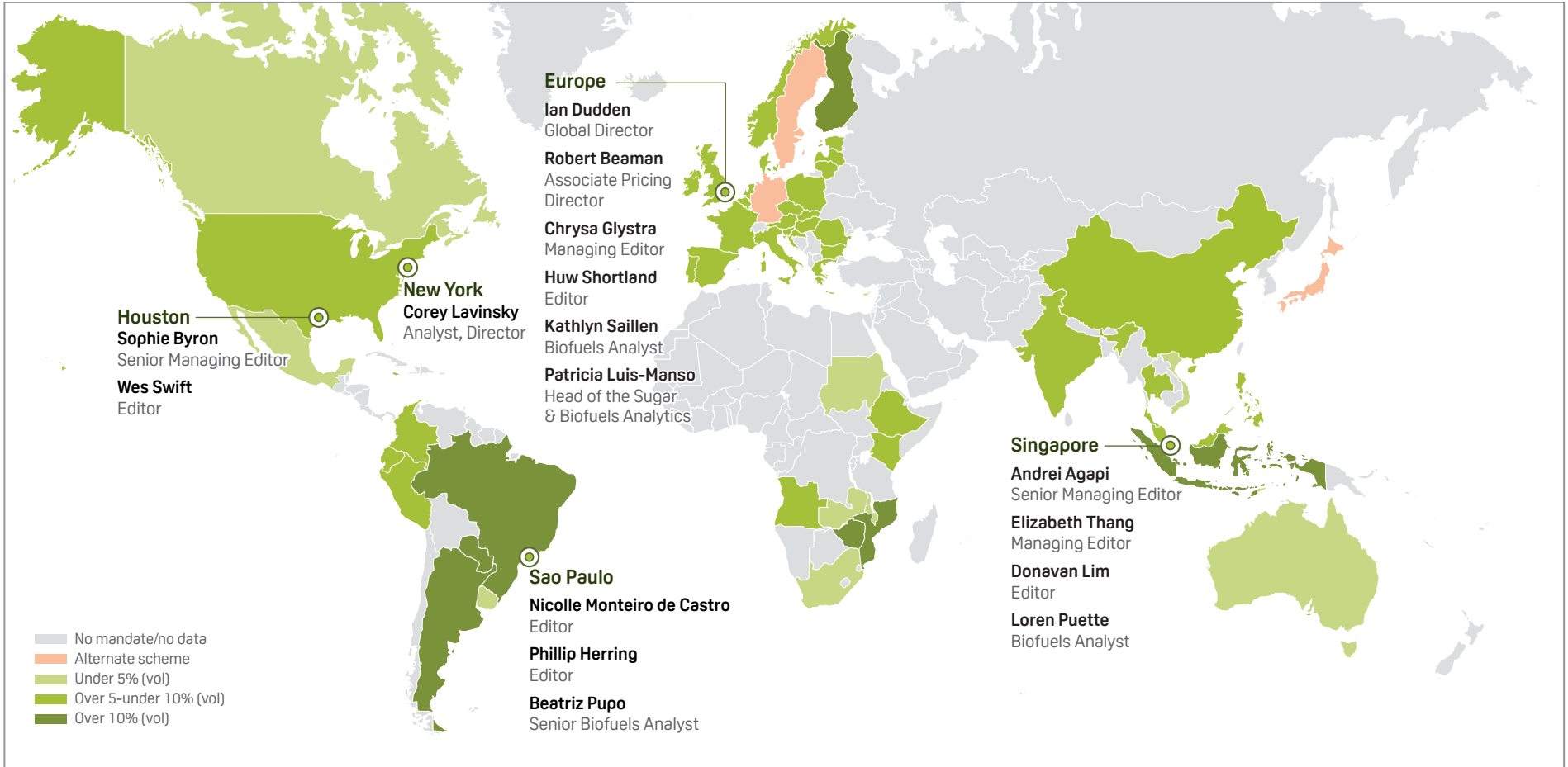
published in the Weekly Global Biodiesel Report and under codes UCOUS04 and UCOEU04.

Please send all questions and feedback by January 27, 2020 to [europa\\_ags@spgglobal.com](mailto:europa_ags@spgglobal.com) with CC to [pricegroup@spgglobal.com](mailto:pricegroup@spgglobal.com).

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing.

Platts will consider all comments received and will make comments not marked as confidential available to the public upon request.

**MEET THE BIOFUELS EDITORIAL/ANALYTICAL TEAM**



Source: S&P Global Platts

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