

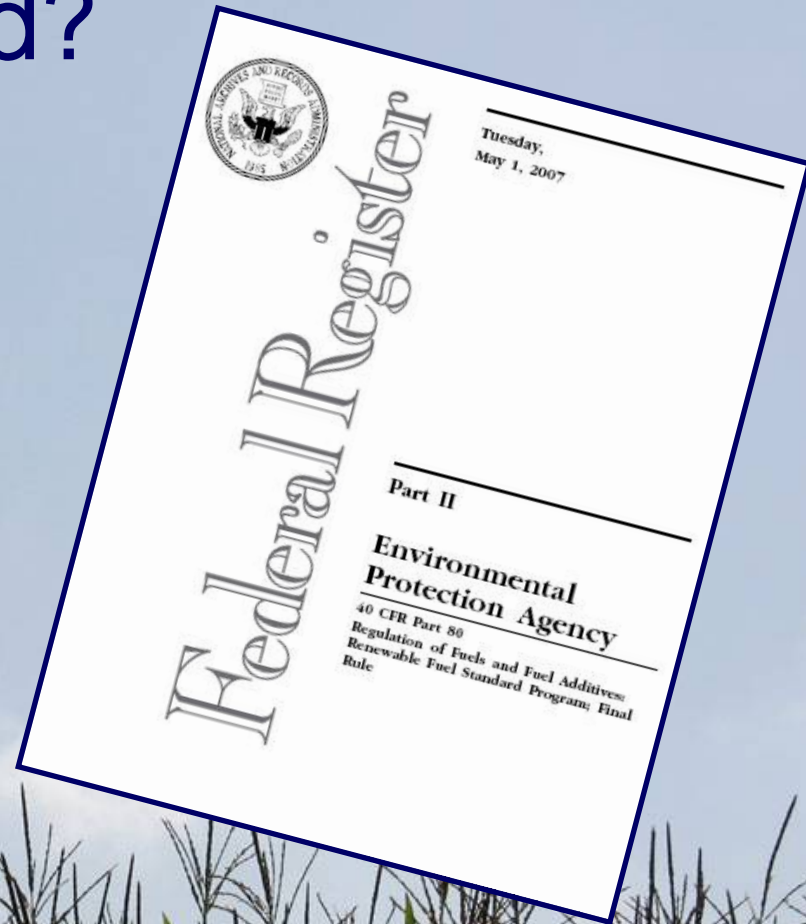
The Renewable Fuel Standard

**The Latest Renewable Product
RINs and the Opportunities
Within**

Clayton McMartin
RINSTAR™ Renewable Fuel Registry

What is the Renewable Fuel Standard?

- Federal Law
- Administered through EPA
- Mandates Renewable Fuel
- September 1, 2007
- 9 Billion Gallon/Yr in 2008
- 36 Billion Gallon/Yr by 2022



What is a RIN?

Renewable
Identification
Number



- Serial Number
- Ethanol / Biodiesel
- Every U.S. Gallon
- Gallon-RIN Units

The Anatomy of the RIN

12007650176542005641020005982300067921

- Fuel Relationship (K=1 , K=2)
- Vintage Year
- Production Company and Facility ID
- Type of Fuel
- Number of Gallon-RINs

Where Do RINs Come From?



- Production Facilities
- Imported Renewable Fuel
- 1:1 for Ethanol
- 1.5:1 for Biodiesel
- 2.5:1 for Cellulosic
- Varies for Others

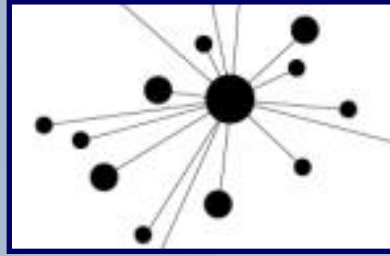


How Do RINs Move?

- Assigned to Fuel (K=1)
- Travels as Paper on Transfer Documents
- Biofuels May be Obtained Without RINs
- Assigned RINs Cannot Transfer Independent of BioFuel

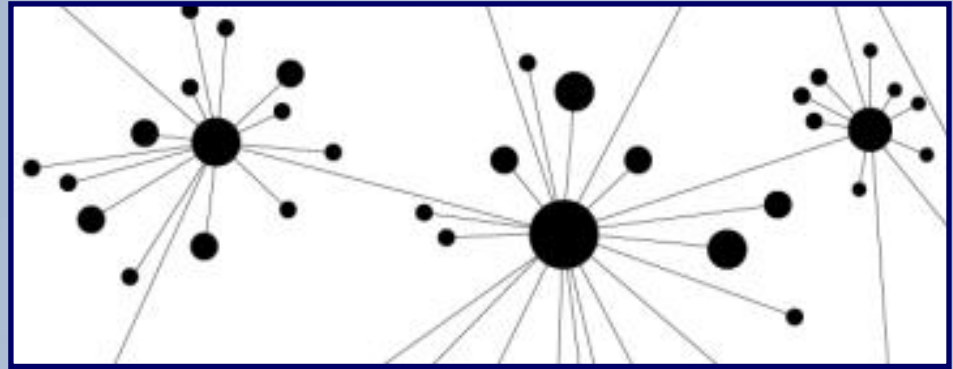


The Producer's Universe



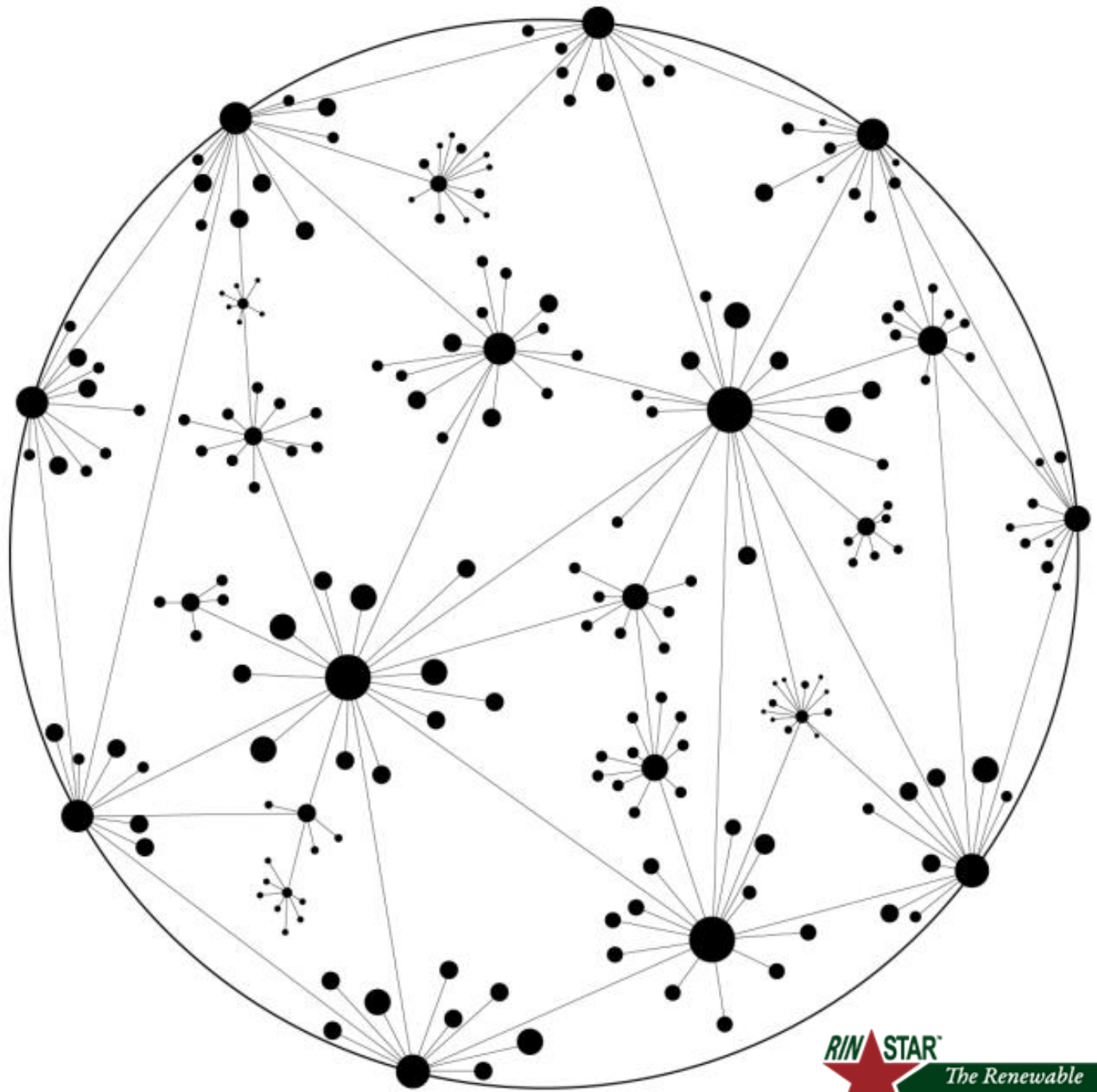
- Producer Sells to Marketer
- Transfers Biofuel
- Transfers Assigned RINs
- Recordkeeping and Reporting

The Supply Chain



- Marketers, Traders, Blenders, Refiners
- Transfer Documentation
- Recordkeeping and Reporting





Criteria for Separating RINs From Renewable Fuel

- Obligated Parties
 - Refiners
 - Importers of Gasoline
- Blenders
 - E10, E85, etc.
 - B20, B50, B80 etc.
 - Not B85, B99, etc.



The Renewable Fuel Credit Separated RINs

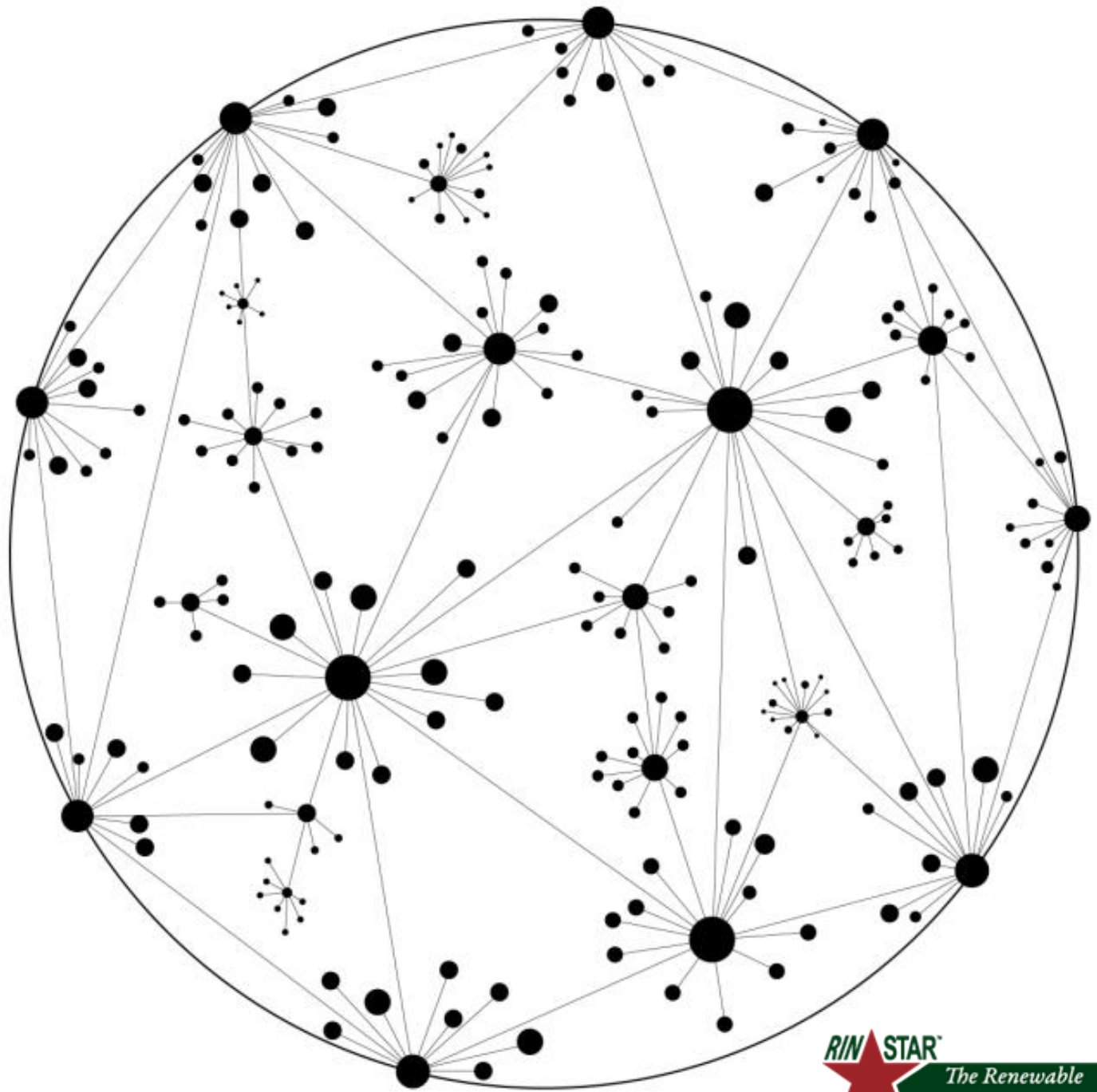
- Credits (K=2) Trade Independent of Fuel
- Used to Demonstrate Compliance
- Cash Value
- Commercial Supply Value



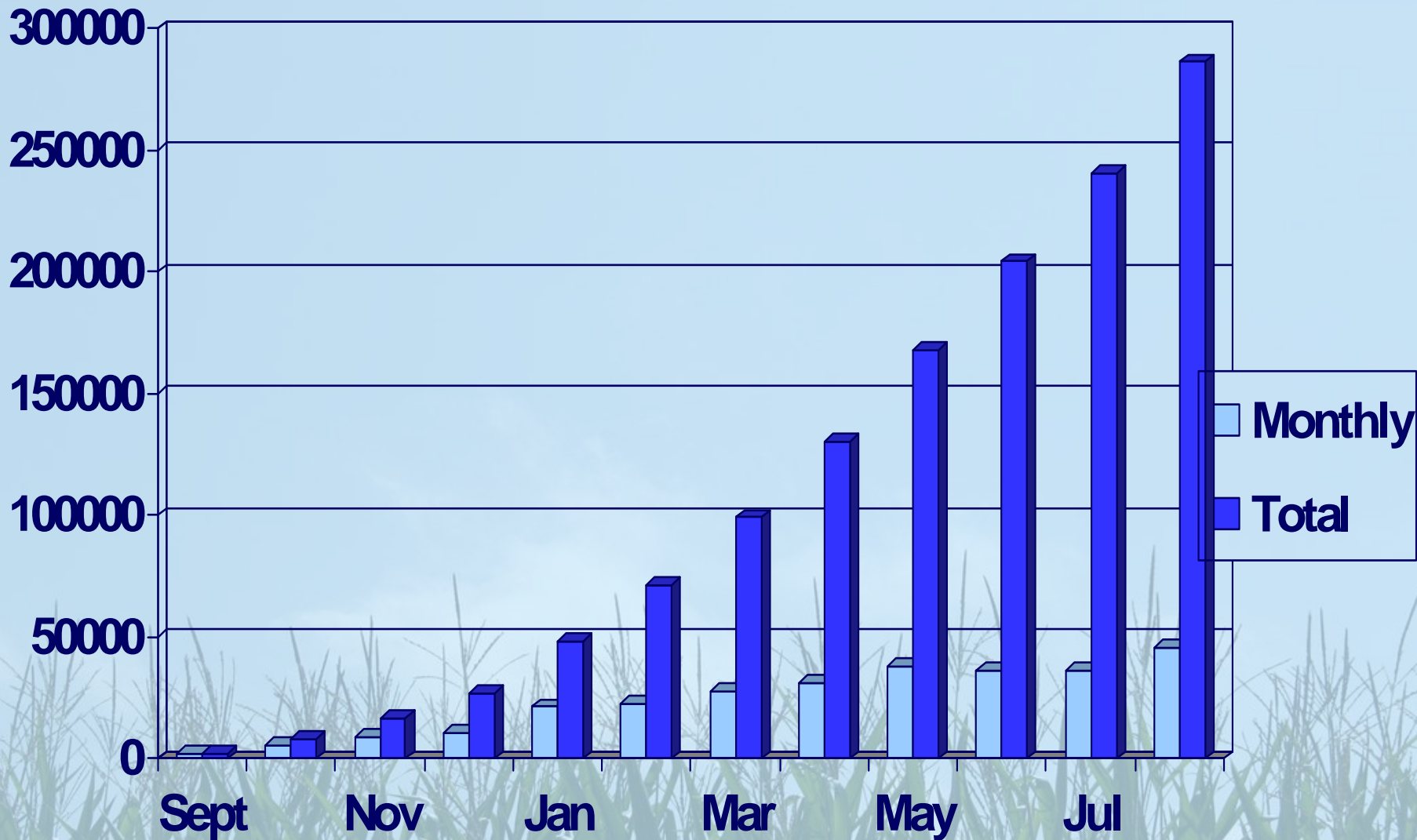
Regulations & Reality

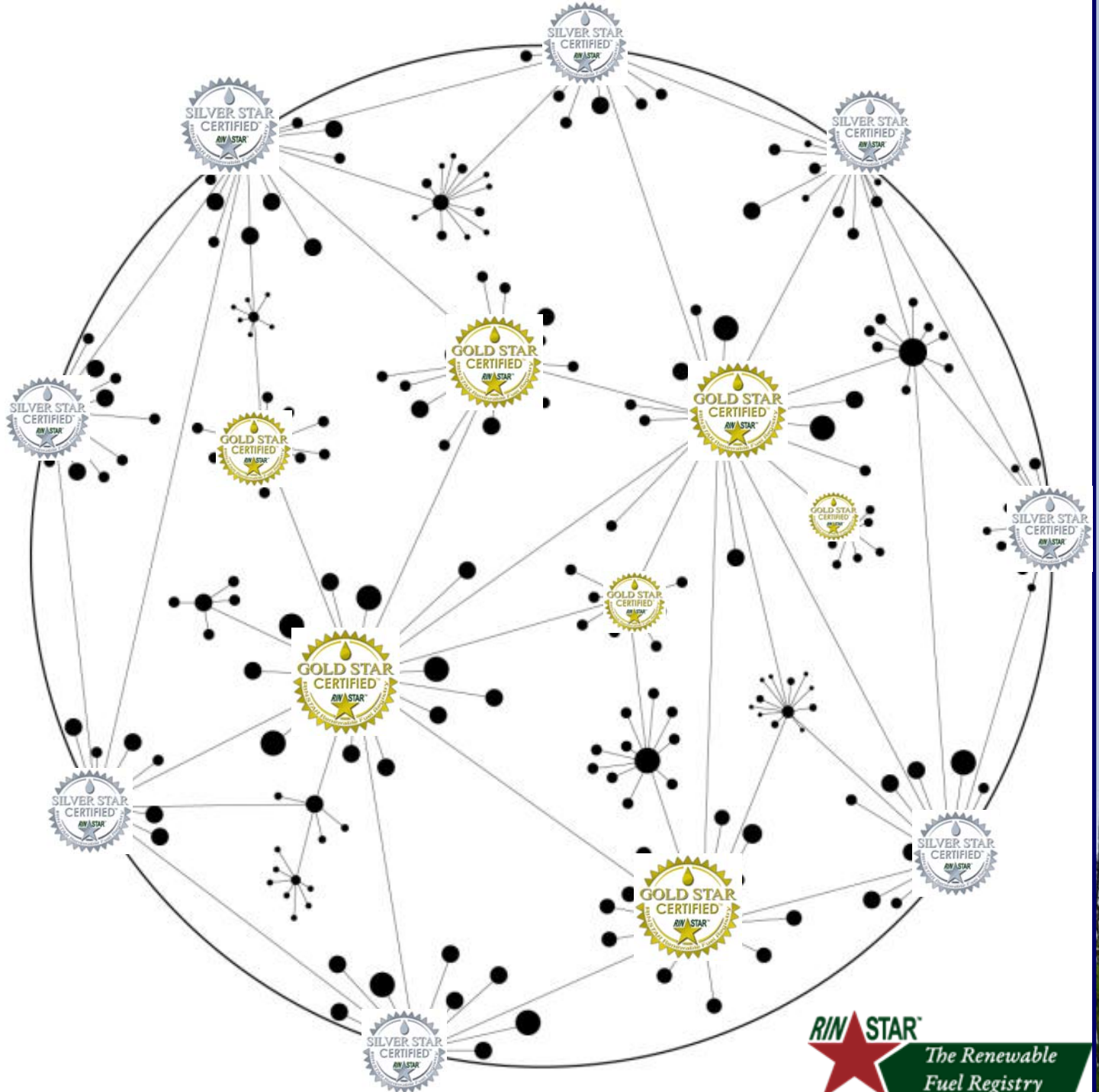
- Buyer Beware
- Post Audit Admin
- Clean Air Act Violations
 - \$32,500 / Day
 - Plus Economic Benefits

- Trust in Trading Partner
- Validate Proactively
- Minimize Rework and Auditing
 - Estimated \$70 Million in 2008 Losses



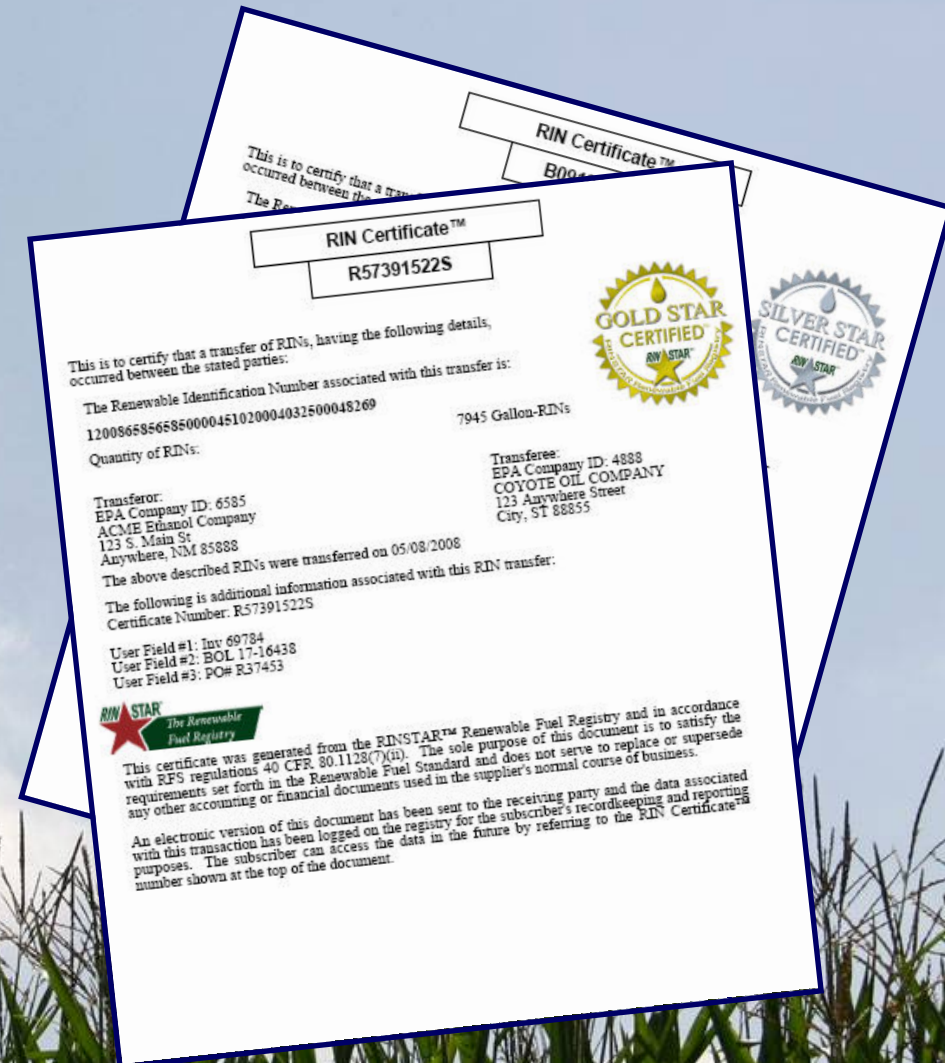
Number of RINSTAR™ Trades





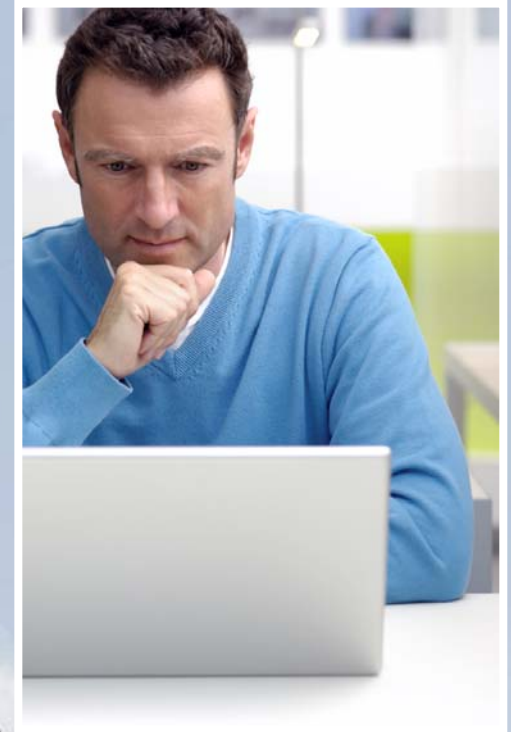
Validation / Certification of RINs

- Errors Are Commonplace
- Current RIN Failure Rates are Over 10%
- 5 Individual Case Studies
- Current Study has over 50,000 RIN Sample Size
- RIN Program is Susceptible to Fraud
- Take Proactive Measures

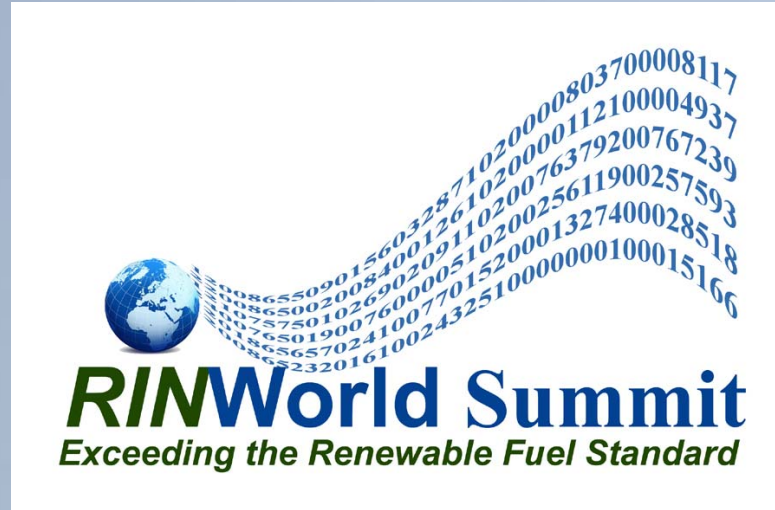


Market Factors at Play

- Present Year Mandate
- Next Year Mandate
- Future and Timing of RFS2
- Product Supply
 - Availability of Gasoline for Ethanol Blending
 - Availability of Valid RINs for Compliance
- Market Confidence
- Beginning to Mature



To Learn More



- **October 16 & 17**
- **Dallas Renaissance Hotel**
- **www.RINsummit.com**

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RINSTAR™ Renewable Fuel Registry



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