From:	[redacted] Stephen Censky's alias email
To:	Reed, Anthony; Appleton, Brooke - OSEC, Washington DC
Subject:	RE: [EXTERNAL] follow-up
Date:	Friday, November 3, 2017 9:45:18 AM

Thanks, Anthony. And we did get the RIN study from Growth late yesterday.

From: Reed, Anthony [mailto:[redacted]adm.com]
Sent: Friday, November 3, 2017 9:35 AM
To: [redacted], Washington, DC <[redacted]osec.usda.gov>; Appleton, Brooke - OSEC, Washington DC <Brooke.Appleton@osec.usda.gov> Stephen Censky's alias email
Subject: RE: [EXTERNAL] follow-up

Growth Energy is going to send under separate cover the RIN study they commissioned which I think Rob has already received. But in terms of the Harvey waiver reaction, here's the OPIS story covering the market reaction to just a two-week waiver. Not only would RVP open up ethanol gallons being sold where E15 is already being offered, but there are more very large chains who have said the only thing holding them back from E15 is RVP.

2017-08-31 01:15:13 EDT
***RINs Dip on EPA Waiver that Could Permit Early E15 Sales

Renewable Identification Number (RIN) credit values were sharply lower in early Thursday trading as the market anticipated increased blending of ethanol in response to a fuel waiver issued Wednesday by the U.S. Environmental Protection Agency (EPA).

After Wednesday's news that EPA appeared to clear the way for an early resumption of E15 sales in 12 states and the District of Columbia as part of an effort to ease potential fuel shortages tied to Hurricane Harvey, RINs markets were in sell-off mode, sources said.

After trading as high as 88cts/RIN on Wednesday, ethanol (D6) RINs for 2017 traded down to 82cts/RIN Thursday morning. OPIS assessed ethanol RINs for 2017 at 87cts/RIN Wednesday, with reported trade levels ranging from 86-88cts/RIN.

Because E15 has not received an RVP waiver, its sale in many areas of the country is prohibited from June 1 through Sept. 15. EPA's waiver applies to gasoline sales in Alabama, Georgia, Kentucky, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, Texas, Louisiana, Florida and the District of Columbia.

In a Thursday letter to EPA Administrator Scott Pruitt, Renewable Fuels Association (RFA) President and CEO Bob Dinneen said more is needed from the agency to ensure that the waiver allows an early end to the summertime ban on E15 sales in most markets.

But not all RINs traders were convinced that the waiver should be having a bearish effect on RINs prices.

"This RIN move doesn't make sense -- such a headline-driven market," one trader said. "People assume with the E15 waiver that we're going to blend a ton more. But how much can we actually blend in 15 days?"

Biomass-based diesel (D4) RINs for 2017 were also seen trending lower.

Biodiesel RINs for 2017 traded as high as $1.13/RIN on Wednesday before fading late in the day and early Thursday, when they were reported traded as low as $1.09/RIN and last talked in a range of $1.09-1.10/RIN. Those RINs were assessed by OPIS Wednesday at $1.1275/RIN with trade ranges reported from $1.1250-1.13/RIN.

Anthony Reed
Archer Daniels Midland Company | Government Relations
Senior Director
1212 New York Avenue, NW, Suite 1275, Washington, DC 20005
☎ (b) (6) [redacted] | ☎ (b) (6) [redacted] | ✉ (b) (6) [redacted]adm.com

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From: (b) (6) [redacted] - OSEC, Washington, DC [mailto:(b) (6) [redacted]osec.usda.gov] Stephen Censky's alias email
Sent: Thursday, November 02, 2017 4:25 PM
To: (b) (6) [redacted]@ncga.com; Reed, Anthony <(b) (6) [redacted]adm.com>
Cc: Appleton, Brooke - OSEC, Washington DC <Brooke.Appleton@osec.usda.gov>
Subject: [EXTERNAL] follow-up

Good seeing you at our meeting today and appreciate the briefing. In addition to the analysis on the impacts of addressing the RVP issue on prices, demand, etc. of corn and other commodities, wanted to check to see if the coalition also has info on:

- Estimates of the impacts on RIN prices if RVP action is taken
- A short summary/analysis of what happened to RIN prices when the 2 week RVP waiver was granted after Harvey

I think these two, in addition to the commodity price analysis, would be useful. Additionally, did your commodity price analysis extend to estimates on the impact on farm program spending?

You can send any and all analyses to Rob, Brooke, and me.

Thanks!

Steve

Stephen Censky's alias email

From: [redacted] - OSEC, Washington, DC on behalf of Censky, Stephen - OSEC, Washington, DC
To: Meyer, Seth - OCE; Johansson, Robert - OCE
Cc: Appleton, Brooke - OSEC, Washington DC
Subject: FW: New Info ...
Date: Tuesday, March 6, 2018 2:00:11 PM
Attachments: 18-PB 21.ro (003)2.pdf

Seth,

I think you already have this, but just in case ...

Best regards,

Steve

Stephen L. Censky
Deputy Secretary
U.S. Department of Agriculture
Office [redacted]

From: Bob M Dinneen [mailto [redacted] @ethanolrfa.org]
Sent: Tuesday, March 6, 2018 1:11 PM
To: Censky, Stephen - OSEC, Washington, DC <Stephen.Censky@osec.usda.gov>
Subject: New Info ...

Steve:
Steve:

Pursuant to the current debate, I wanted to make sure you saw this latest CARD report.

New Study: RIN Price Cap for E15 RVP Waiver "Deal" Would Cut Ethanol Consumption and Trounce Corn Prices

Economists at the Center for Agricultural and Rural Development (CARD) at Iowa State University (ISU) released a comprehensive analysis of the impacts of capping ethanol RIN prices at 10-20 cents in addition to providing an RVP waiver allowing the year-round sale of E15. In summary, the analysis finds that such a "deal" would result in reduced ethanol consumption, a 25 cent/bushel drop in corn prices, and an effective cut of 5% to the RFS conventional renewable fuel requirement. Key findings include:

- "While year-round sales of E15 would encourage retailers to sell the fuel, capping D6 RIN prices would reduce consumption of E15 and E85."
- "A cap on D6 RIN prices between \$0.10/gal to \$0.20/gal would likely **reduce the effective ethanol mandate from 15 billion gallons to about 14.3 billion gallons in 2018**."
- "Granting E15 an RVP waiver would increase the likelihood that retailers would make the required investments to sell E15. However, these investments will only be made with a waiver if RIN prices are high enough to make E15 an attractive fuel."

"Capping RIN prices at low levels makes it implausible that retailers would invest in E15 **even with the assurance that they could sell the fuel throughout the year**. Under the proposed compromise, therefore, compliance costs will fall dramatically, but E15 and E85 sales will also decrease. The result would be lower compliance cost and **a lower effective blending mandate**."

- "Unless increased ethanol exports compensate for the reduced mandate, **corn prices would decrease under the proposal's D6 RIN price cap**."
- "Corn prices under this scenario would drop, in the short-run, **by around 25 cents per bushel**."

I thought it might be helpful.

Thanks for your patience on this issue ….

Bob Dinneen

Stephen Censky's alias email

From: (b) (6) [redacted] - OSEC, Washington, DC on behalf of Censky, Stephen - OSEC, Washington, DC
To: Meyer, Seth - OCE
Cc: Johansson, Robert - OCE; Appleton, Brooke - OSEC, Washington DC
Subject: FW: Small Refinery Exemptions
Date: Friday, April 6, 2018 12:36:12 PM
Attachments: Small Refinery Exemptions 040618 update.docx

Seth,

I asked Bob Dineen from RFA for this info. (b) (5) - Deliberative [redacted]

Thanks and best regards,

Steve

Stephen L. Censky
Deputy Secretary
U.S. Department of Agriculture
Office (b) (6) [redacted]

From: Bob M Dinneen [mailto (b) (6) [redacted] @ethanolrfa.org]
Sent: Friday, April 6, 2018 12:25 PM
To: Censky, Stephen - OSEC, Washington, DC <Stephen.Censky@osec.usda.gov>
Cc: Appleton, Brooke - OSEC, Washington DC <Brooke.Appleton@osec.usda.gov>
Subject: Small Refinery Exemptions

Steve:

Attached is the chart you requested showing the dramatic and troubling increase in small refinery exemptions since Scott Pruitt has been at EPA. You will see we've gone from a just a few to 20-30, and a huge increase in gallons affected, from a maximum of 16 million gallons in 2014 to more than a billion gallons in 2017. That's unacceptable and represents a callous abrogation of the President's 15 billion-gallon RFS promise. EPA has indicated that there has been no change in the criteria used in granting these waivers. That is patently not true. Prior to 2016, EPA relied upon DOE to assess waiver requests based on a publicly understood matrix. DOE evaluated requests based on two criteria: 1) any structural disadvantages (location, market, distribution, etc ...) and 2) significant economic harm analyses (what are their margins/profits). EPA would then do its own analysis. BOTH triggers in this matrix would need to be met to qualify for a waiver. After Sinclair's court victory, EPA determined that if just one of the criteria was met, 50% of the obligation would be waived. But Pruitt has dictated now, that if only one of the triggers is met, a FULL waiver is granted. Thus, EPA has most definitely changed the criteria. Moreover, waiting until after the RVO's are finalized means that the gallons cannot be reallocated. That's outrageous ... and intentional. Pruitt is deliberately and secretly circumventing both the statute and the President's 15-billion-gallon promise.

Let me know what else you might need.

Thanks for keeping up the fight.

Bob

Stephen Censky's alias email

From: [redacted] - OSEC, Washington, DC on behalf of Censky, Stephen - OSEC, Washington, DC
To: Bob M Dinneen; Censky, Stephen - OSEC, Washington, DC
Cc: Appleton, Brooke - OSEC, Washington DC
Subject: RE: Tuesday
Date: Friday, May 4, 2018 6:02:58 PM

Bob,

Thanks for your message. We are loaded for bear, just to be on the safe side.

Thanks and best regards,

Steve

Stephen L. Censky
Deputy Secretary
U.S. Department of Agriculture
Office [redacted]

From: Bob M Dinneen [mailto [redacted] @ethanolrfa.org]
Sent: Friday, May 4, 2018 10:02 AM
To: Censky, Stephen - OSEC, Washington, DC <Stephen.Censky@osec.usda.gov>
Cc: Appleton, Brooke - OSEC, Washington DC <Brooke.Appleton@osec.usda.gov>
Subject: Tuesday

Steve:

So, we're hearing that Tuesday really is decision day, and that the fix is already in – RVP and RIN cap/waiver. If that is true, the Midwest will rage. Secy Perdue's messaging on this issue over the past several weeks has been phenomenal. Ted Cruz and the refiners have already gotten their RIN relief with more than 1.1 billion gallons of demand destruction through small refiner waivers. They don't need anything more! Is there anything we can be doing to reinforce the Secretary's message and keep a mistake from happening on Tuesday? Thanks for all your help.

Bob

From: Bob M Dinneen
To: Censky, Stephen - OSEC, Washington, DC
Subject: RE: New Info ...
Date: Tuesday, March 6, 2018 5:16:54 PM
Attachments: Impacts of Options for Modifying the Renewable Fuel Standard8.pdf

Here's another … from Purdue … they've identified an interesting notion … if RVP doesn't get you far enough fast enough in terms of lowering RIN prices, expand the market by 1%. That would crater the RIN market. If what they're after is indeed lower RIN prices and NOT demand destruction, that would be an interesting proposal. B

Late today we were made aware that economists at Purdue University have analyzed the potential economic impacts of a price cap on RINs in conjunction with an E15 RVP waiver. Their paper, which is attached, finds that a RIN price cap—even when paired with an RVP waiver--would prevent achievement of the objectives of the RFS, reduce overall biofuel blending, and halt investment in higher blend infrastructure. The study further finds that if a price cap were combined with a waiver credit mechanism, as proposed by Sen. Cruz, demand for biofuels could fall dramatically and "**some of the plants likely would go out of business**." Of note, the Purdue study suggests that the most immediate means of quickly reducing RIN prices would be to allow refiners and blenders to blend E11 in lieu of E10 (this would likely require EPA to rule that E11 is "substantially similar" to the current E10 certification fuel).

Purdue findings on RIN Price Cap/Waiver Credit in Exchange for E15 RVP Waiver:

- "Our conclusion is quite simple. Any of the options employing a RIN price cap would **prevent achieving the objectives of the RFS**. **The year-round RVP waiver for E15 would do little to ameliorate the situation in the near term**."
- "Another consequence of the RIN price cap is that it would no longer economically attractive to produce or consume E85."
- "It would take quite some time to build out the infrastructure to enable significantly increased E15 sales. The RVP waiver coupled with the RIN cap simply does not help the situation."
- "The other issue in the current discussion is the possibility of permitting blenders to purchase a waiver credit to avoid blending biofuel (akin to current RFS policy for cellulosic biofuels). If the proposed ethanol waiver credit were to function like the cellulosic waiver credit and both the RIN cap and the waiver credit prices were set at $0.10/gal., then the total cost of avoiding blending ethanol would be $0.20. With this option, blending very likely would fall from current levels."
- "If the obligated parties were required only to purchase the waiver credit (without a requirement to also purchase a RIN), **blending would fall substantially**, probably to render total ethanol consumption less than the blend wall."
- "If the credit waiver were included, some of the **plants likely would go out of business** because the waiver credit **effectively reduces the renewable fuel mandate**."

Purdue findings on Immediate Approval of E11 as a Means of Lowering RIN Prices:

- "Increasing the blending percentage by just 1% [from E10 to E11] could solve the blend wall problem and **reduce RIN prices dramatically**. The RFS level could be met with existing ethanol production capacity, and one would expect ethanol RIN prices to fall to the range they followed prior to 2013 (i.e., less than 10 cents). There would be no need for a RIN price cap because neither the blend wall nor the RFS level relative to production capacity would be binding constraints."

- "When we simulate the increase in the base blending level to 11%, ethanol domestic consumption increases dramatically taking it to the RFS level of 15 billion gallons. Since neither the blend wall nor the RFS are now binding, ethanol RIN prices fall to very low levels akin to the levels experienced prior to 2013."
- "The option of increasing the base blending level by 1% **quickly moves the blend wall above the RFS level, and ethanol RIN prices drop dramatically**."

From: [redacted] - OSEC, Washington, DC [mailto:[redacted]@osec.usda.gov] **On Behalf Of** Censky, Stephen - OSEC, Washington, DC Stephen Censky's alias email
Sent: Tuesday, March 06, 2018 2:02 PM
To: Bob M Dinneen <[redacted]@ethanolrfa.org>
Cc: Appleton, Brooke - OSEC, Washington DC <Brooke.Appleton@osec.usda.gov>
Subject: RE: New Info ...

Bob,

Thanks for forwarding. I believe our economists had seen this report as well, but I have forwarded it them just in case. Understand the conclusions reached. Look forward to visiting tomorrow.

Best regards,

Steve

Stephen L. Censky
Deputy Secretary
U.S. Department of Agriculture
Office [redacted]

From: Bob M Dinneen [mailto:[redacted]@ethanolrfa.org]
Sent: Tuesday, March 6, 2018 1:11 PM
To: Censky, Stephen - OSEC, Washington, DC <Stephen.Censky@osec.usda.gov>
Subject: New Info ...

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Thanks for your patience on this issue ….

Bob Dinneen