

Q: Is there a RIN market transparency issue? If so at what point does the lack of transparency occur?

A: There are two parts to this answer; the first relates to general RINs market information and exemptions and the second to derivatives pricing.

Progress is being made towards greater transparency in certain information areas. The previous lack of clarity around market developments such as the small refinery exemptions (SRE) granted by the EPA has resulted in significant price movements over time. Recognizing this, the EPA has recently taken a major step to address this. On September 20, 2018, the Agency expanded its website to include more data about RINs. In particular, the new data includes statistics pertaining to SRE petitions, and the estimated Renewable Volume Obligations exempted as a result of SRE decisions, as well as information about RIN prices and weekly volume of RINs traded.

The initial response to the EPA's increased transparency has generally been positive, though some biofuels advocacy groups have expressed concern that the identities of the companies receiving SREs were not disclosed. The EPA has opposed releasing the names, citing the need to conform to Confidential Business Information (CBI) regulations.

While daily price assessments that reflect tradable value in RINs are available from price reporting agencies such as S&P Global Platts, there has been limited growth in liquidity of a cleared futures market for RINs, which hampers the ability of counterparties to hedge price exposure to RIN prices and Renewable Volume Obligations. Futures and derivatives markets are a natural evolution of robust physical markets.

S&P Global Platts has a long-established reputation as a provider of spot physical market price assessments that are recognized by the marketplace as benchmarks. Platts is known for its independence and for bringing transparency to spot market pricing. Platts price assessment methodologies are designed to produce price assessments that are representative of market value, and of the particular markets to which they relate. The price assessment process is designed to yield a market-reflective, tradeable value in both liquid and illiquid markets. Please note that within S&P Global Platts the spot market pricing team and the Analytics team are distinctly separate.