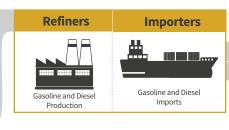


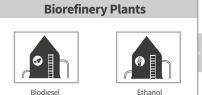
The Point of Obligation debate asks whether the RFS can be implemented at distribution sites, rather than at refineries. Moving the point of obligation removes the imperative for refineries to bear the brunt of the regulation, but it does not fix the broken RFS policy. Moving the point of obligation is merely passing the responsibility from one segment of the industry to another.



CURRENT POINT OF OBLIGATION

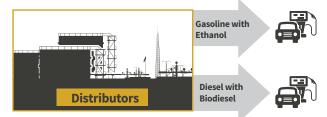


Gasoline Diesel



Biodiesel Ethanol

SUGGESTED POINT OF OBLIGATION



Retail Gasoline Stations

EPA SHOULD NOT CHANGE THE RES POINT OF OBLIGATION

CHANGING IT DOESN'T IMPACT THE OVERALL VOLUME OF RENEWABLE FUELS

- It will not fix the blend wall problem or impact the overall supply of renewable fuels.
 - » It will not alleviate infrastructure constraints that limit the demand for E15 and E85.
 - » It will not increase the number of vehicles that are able to use higher ethanol blends.
 - » The current structure does not prevent renewable infrastructure investments; EPA recognized that renewable fuel producers are free to make such investments.
 - » It creates additional uncertainty in the RIN market, potentially impacting investment decisions throughout the supply chain.

CHANGING THE RFS POINT OF OBLIGATION: CREATES ADDITIONAL UNCERTAINTY

Changing the point of obligation creates additional uncertainty.

- » Changing the point of obligation 10 years into the RFS program disrupts compliance plans, investments and commercial agreements that were based on the current structure.
- » It will deemphasize the development of drop-in biofuels produced at refineries, such as renewable diesel fuel.
- » It creates additional uncertainty in the RIN market, potentially impacting investment decisions throughout the supply chain.



• Changing the RFS point of obligation will complicate administration and function of the program

- » EPA has twice considered the appropriate point of obligation, and twice placed it on refiners and importers.
- » It will increase the number of obligated parties, and the number of compliance events, increasing the opportunities for error and for fraud.
- » It will create unnecessary complexity and cost for both EPA and for obligated parties overall.
- » It will only shift the compliance obligation to a different segment of the industry.
- » The identification of covered fuels becomes more difficult for market participants.
- » The RFS already includes provisions to facilitate compliance for all refiners: the ability for obligated parties to separate RINs, and a 20% limit on compliance with prior year RINs.



A MAJORITY OF PARTIES IN THE FUEL DISTRIBUTION CHAIN OPPOSE MOVING THE RFS POINT OF OBLIGATION:

Marketer Groups:

- » Society of Independent Gasoline Marketers of America (SIGMA)
- » National Association of Convenience Stores (NACS)
- » National Association of Truck Stop Operators (NATSO)

• Biofuel Producers:

- » Advanced Biofuels Association (ABFA)
- » Growth Energy
- » American Biogas Council
- » American Coalition for Ethanol (ACE)
- » Biotechnology Innovation Organization (BIO)



POINT OF OBLIGATION

"The RFS mandate is broken and needs to be repealed or significantly reformed. Efforts to tinker with the RFS at the margins will simply not work and will continue to push consumers to use high ethanol blends that they don't want and don't need. We need fundamental change to the RFS, and the point of obligation question is a mere distraction from the real issue at hand."

Frank Macchiarola,

API, Downstream Group Director

Source: http://www.api.org/news-policy-and-issues/testimo-ny-and-speeches/2016/09/12/macchiarola-press-call-rfs-point-of-obli





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