



Biodiesel Spot Price Methodology

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About DTN

DTN provides subscribers with spot market price assessments for biodiesel sold in the wholesale downstream oil and renewable fuels markets during typical business days, with a spot price representing the value of product in different geographic markets for immediate delivery. A spot price, sometimes called a cash price, represents the real-time value of a particular product with fungible characteristics.

Trade Sources

DTN spot prices are assessments based on surveys with market participants, who include producers, suppliers, refiners, blenders, jobbers, traders and brokers.

Spot Value

A biodiesel spot price represents the value of physical biodiesel fuel and its D4 Renewable Identification Number sold in the wholesale market. The price is frequently referenced as a cash differential to the nearest delivered ULSD futures contract traded on the New York Mercantile Exchange. For example, a trade source might tell DTN a biodiesel trade was transacted at \$0.90 per gallon plus NYMEX ULSD futures. DTN will convert the value to show the spot price in US dollars per gallon; i.e. \$3.95 gallon.

Frequency of Updates

DTN reports spot biodiesel prices multiple times during a typical business day with assessments based on current or last trades, or the latest bid/ask price spread. Our day's final assessment represents the spot value for biodiesel for that day.

Location

DTN assesses spot biodiesel prices for transactions at Kinder Morgan's Argo supply hub east of Chicago, Illinois, and for transactions with delivery in the New York Harbor and Houston, Texas markets, including at the Deer Park biodiesel terminal in Pasadena near Houston operated by Vopak. Terminals receive supply via truck, rail and water.



Trade Size

The volume of biodiesel traded in a spot transaction depends on the mode of transport and, as a result, can vary significantly. A spot transaction can include truck delivery, rail or barge.

- Truck delivery is 7,000 gallons per truck, and a spot transaction could include a single truck or multiple trucks. Most truck deals are FOB (freight on board) at the terminal or plant with the buyer responsible for transport.
- Rail delivery is 25,000 gallons per railcar, and a spot transaction could include a single railcar or multiple railcars.
- Barge delivery is either 10,000 bbl or 25,000 bbl per transaction.

Timing

Spot biodiesel prices are for prompt delivery, which can vary from one day to seven days for delivery. The timing is typically determined by the form of transportation, with truck deliveries typically one to two days. Rail or barge deliveries are typically one to seven days.

Product Characteristics

There are multiple feedstocks used in producing biodiesel, although the majority of biodiesel produced in the United States is generated from virgin soybean oil. Other feedstocks include other vegetable oils, used cooking oils, inedible corn oil, animal fats and other waste oils.

DTN biodiesel prices represent soy methyl ester B100 (100% biodiesel) or SME, which is produced from virgin soybean oil.

RINs

Included in spot biodiesel price assessments are D4 biomass-based diesel Renewable Identification Numbers, the credits used by refiners, blenders and importers to comply with annual renewable fuel blending mandates under the Renewable Fuel Standard.

A RIN is generated when a renewable fuel is produced or imported to the United States, and moves through the supply chain with the product. A RIN can be separated and traded in the open market, where it has a national value, with the RIN to be submitted to the Environmental Protection Agency to show compliance in meeting RFS targets. RINs are valued based on year since they expire.

Following the same methodology explained above, DTN also reports D4 RIN values separately.