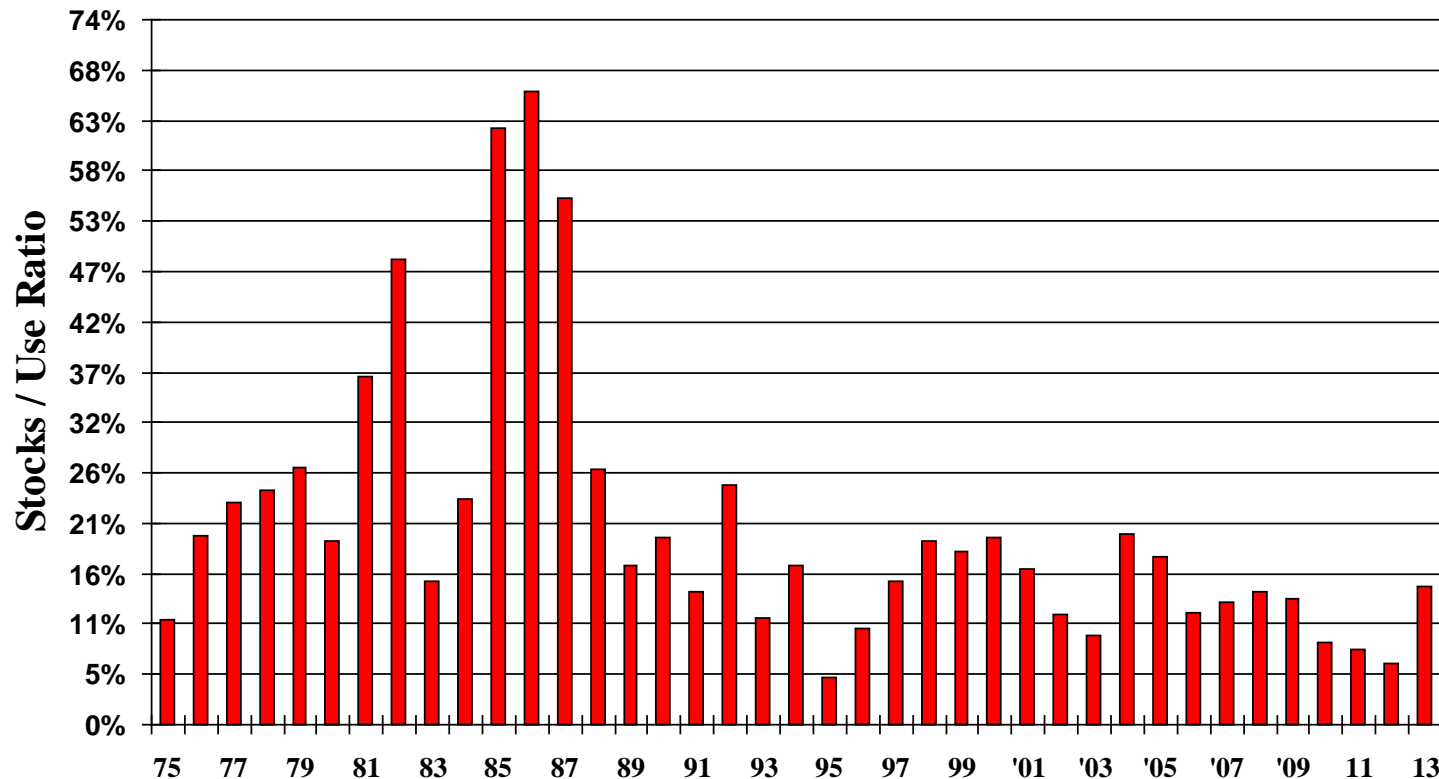# Surface Transportation Board

Rail Energy Transportation Advisory Committee Meeting
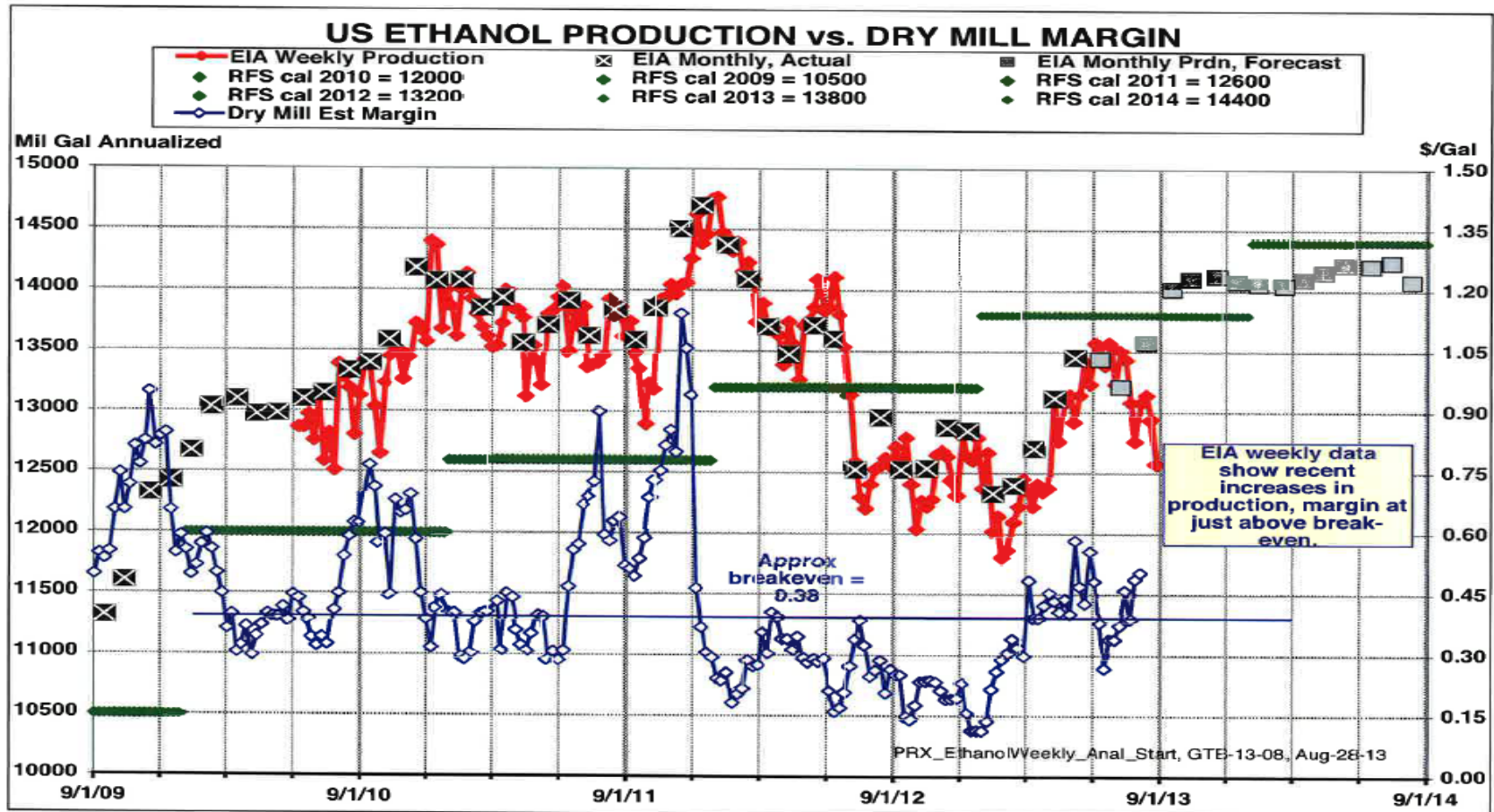
Biofuels Update

September 19, 2013

U.S. Corn Stocks To Use Ratio

- **Corn stocks are extremely tight in the upper Midwest**
- **Some early Southern corn has moved into the Midwest**
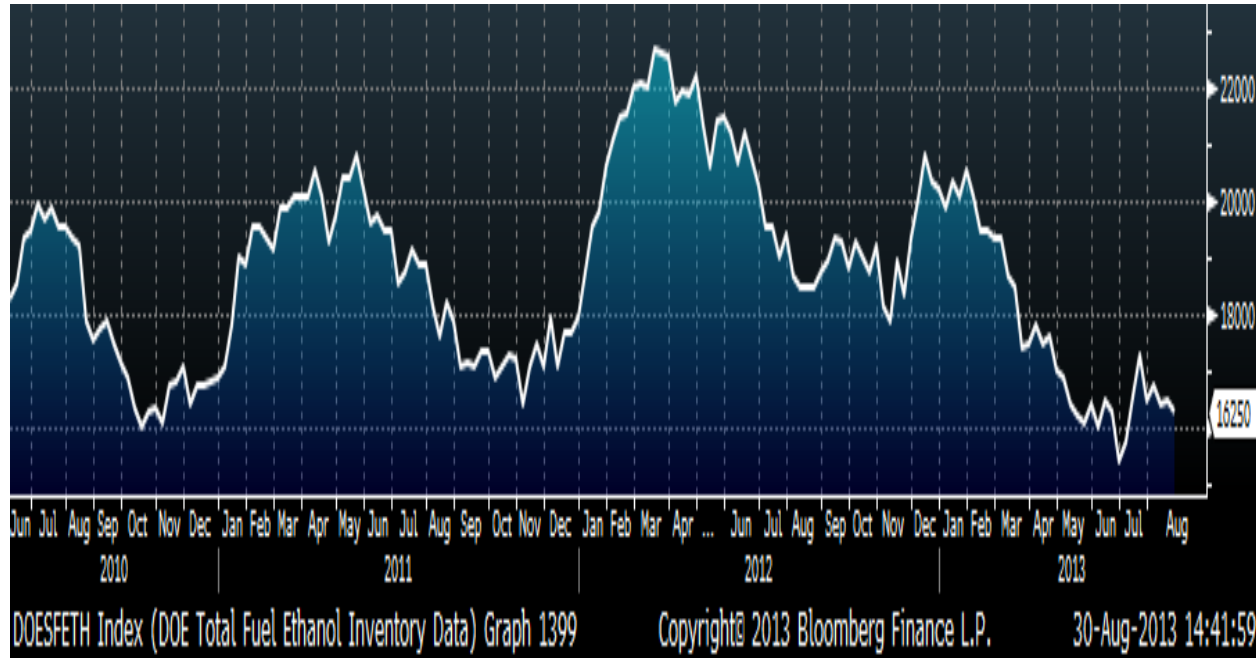- **Harvest is expected to be very large, but late**

Ethanol Production vs Dry Mill Margin

Source: ProExporter

- **Dry mill margins have been slightly above breakeven**
- **Production rates increased over the summer, but have fallen with short corn supply**
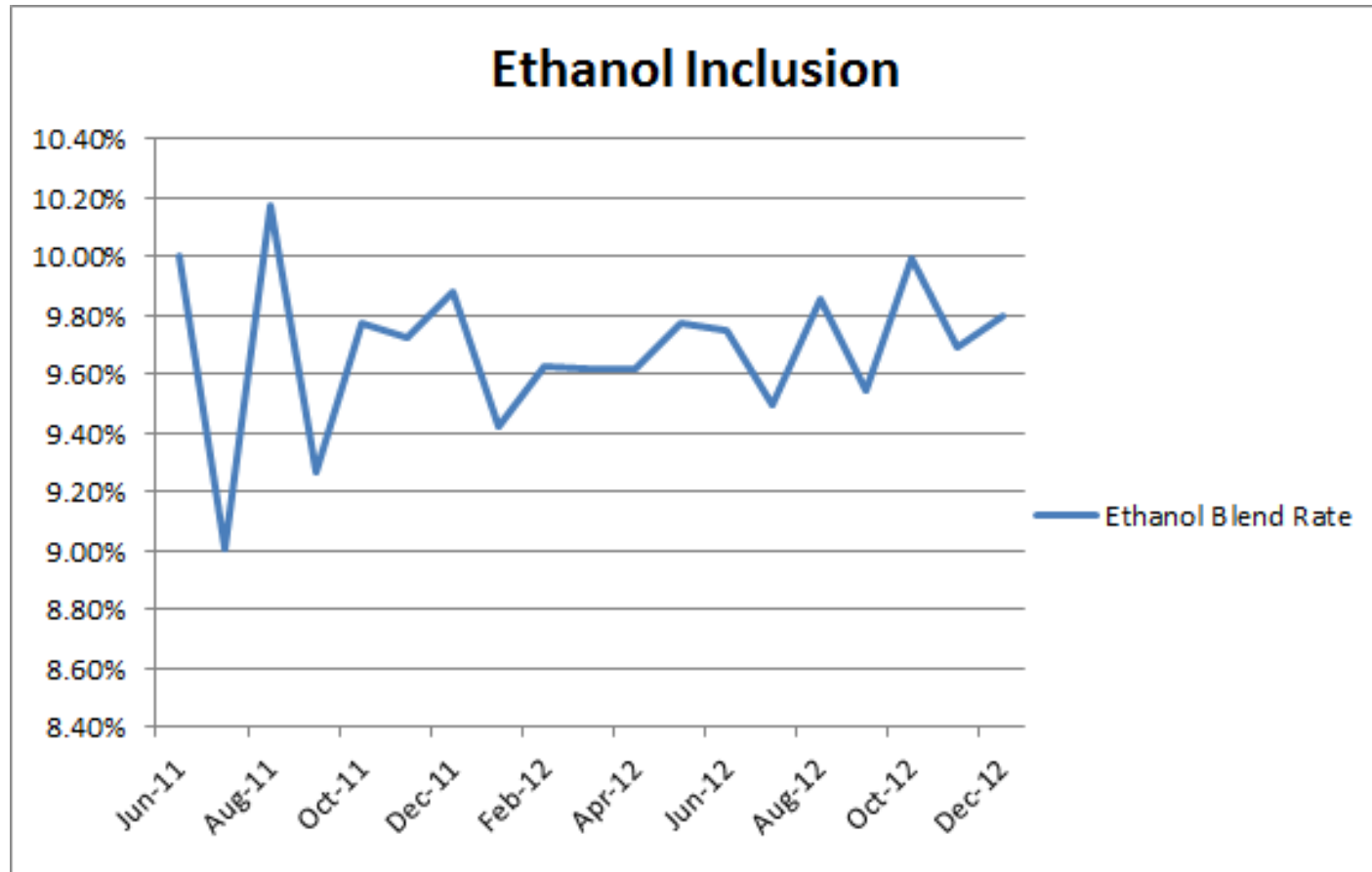- **Many Plants are down for scheduled fall maintenance**
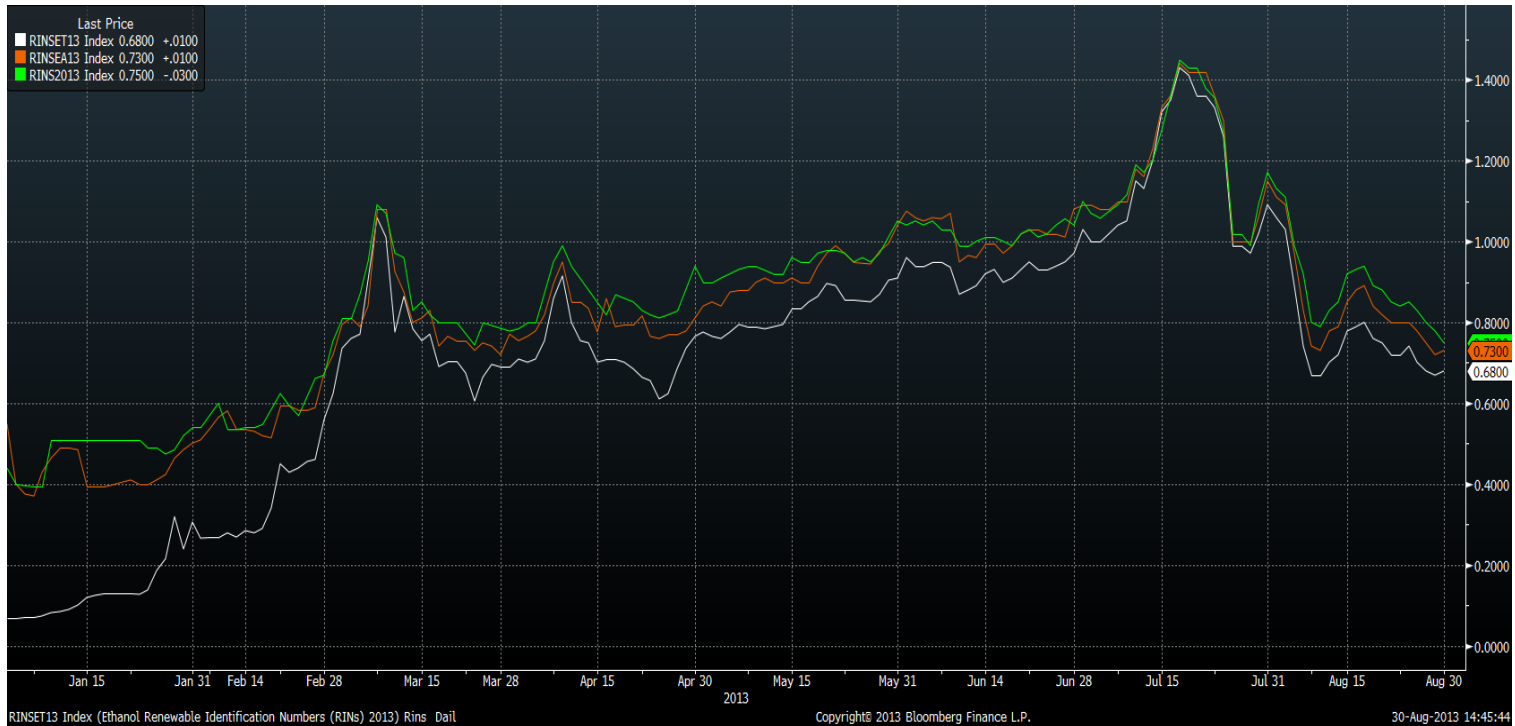
Ethanol Stocks

Source: Bloomberg Finance L.P.

- **Ethanol stocks are extremely low**
- **26 plants are estimated shut down, 10 have restarted**
- **Many are awaiting harvest to restart**
- **Imports and Exports are down from last year**

Ethanol Blending as % of Mogas Consumption

Ethanol Inclusion

- Ethanol blending is now about 9.9% of the gasoline pool
- E-85 volumes are increasing in the Midwest
- E-15 is starting to show up at some Midwest gas stations
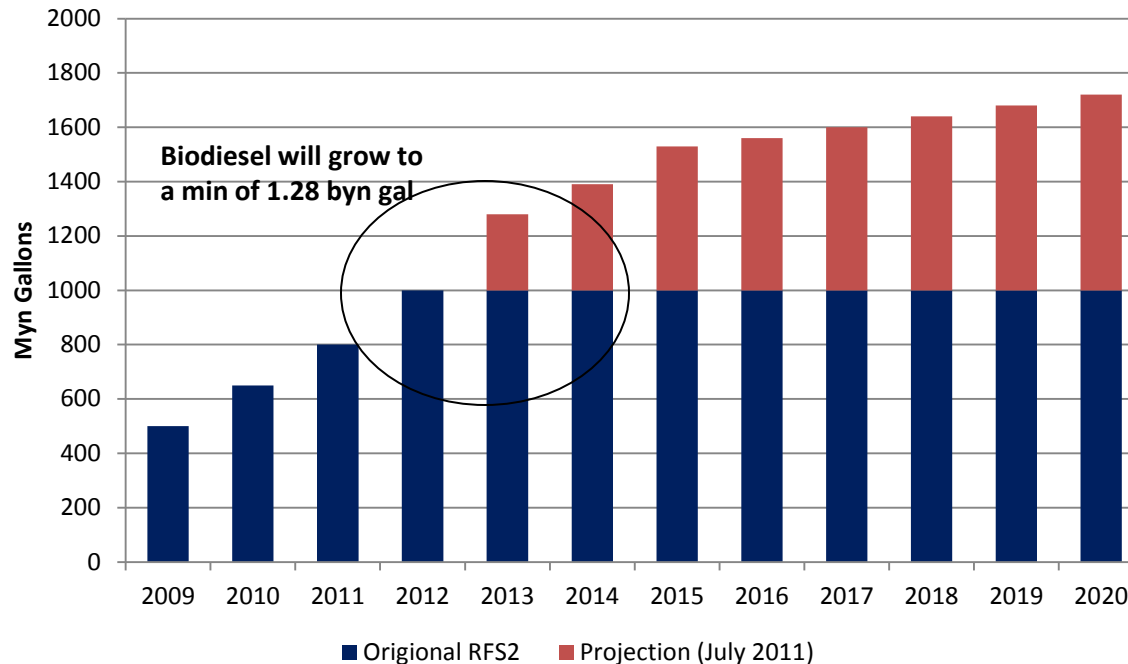- Waiting to see if EPA will change the 2014 Volume Obligations

RIN Values

Source: Bloomberg Finance L.P.

- **A dramatic move in RINs since the beginning of the year**
- **Some obligated parties (Refiners & Importers) are short**
- **Extreme price volatility over the summer**

US Biodiesel Demand

- **EPA is targeting 1.28 B gallons of biodiesel for 2013**
- **Industry is producing at a rate of 1.3 B gallons today**
- **Blenders are pressing hard to generate D-4 RINS**

Biofuels Rail Transportation

- **Rail service continues to be very good in the East**
- **Maintenance projects have caused delays in the West**
- **Some severe service issues on Western Carriers**
- **Some Iowa Plants have had problems with MT returns**
- **Railroad velocity continues to be good in general**
- **Tank car availability has loosened up a little bit, but still tight and expensive**
- **Increased Unit Train destinations have improved tank car turn times and efficiency**
- **Rail rates continue to increase and pressure margins**