

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-378

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/03/24 Filing Description: Initial Listing of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option Contract

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:** See filing.

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

October 3, 2024

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
 Office of the Secretariat  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21<sup>st</sup> Street, N.W.  
 Washington, D.C. 20581

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option Contract. NYMEX Submission No. 24-378**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort, effective Sunday, October 27, 2024, for trade date Monday, October 28, 2024 as described in the table below.

<b>Contract Title</b>	<b>D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option</b>
<b>Commodity Code</b>	R46
<b>Rulebook Chapter</b>	1295
<b>Underlying Futures Contract / Commodity Code</b>	D4 Biodiesel RINs (OPIS) Futures / RN4 D6 Ethanol RINs (OPIS) Futures / RN6
<b>Contract Size</b>	50,000 RINs
<b>Price Quotation</b>	US dollars and cents per RIN
<b>Minimum Price Fluctuation</b>	\$.0001
<b>Value per Tick</b>	\$5.00 per RIN
<b>Option Exercise Style</b>	Financially settled, European style
<b>Listing Schedule</b>	36 consecutive months
<b>Initial Listing</b>	November 2024 – October 2027
<b>Strike Price Increments</b>	Minimum 2 strikes above and below the at-the-money strike at the nearest \$0.05 per RIN increment plus dynamic strikes at \$0.005 per RIN increment.
<b>Block Trade Minimum Threshold / Reporting Window</b>	5 contracts / subject to a 15-minute reporting window
<b>Termination of Trading</b>	Trading terminates on the last business day of the contract month.

<b>Trading and Clearing Hours</b>	<p><b>CME Globex Pre-open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Tuesday – Thursday 4:45 p.m. - 5:00 p.m. CT</p> <p><b>CME Globex:</b> Sunday 5:00 p.m. – Friday 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT</p> <p><b>CME ClearPort:</b> Sunday 5:00 p.m. - Friday 4:00 p.m. CT with no reporting Tuesday - Thursday from 4:00 p.m. – 5:00 p.m. CT</p>
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Exhibit A provides NYMEX Chapter 1295. Exhibit B provides the Position Limits, Position Accountability and Reportable Level Table. Exhibit C provides the Exchange fees. Exhibit D provides the NYMEX Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) table. The Strike Price Listing and Exercise Procedures Table for the Contract is provided in Exhibit E. Exhibit F provides the Cash Market Overview and the Analysis of Deliverable Supply.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contract may have some bearing on the following core principles:

- **Compliance with Rules:** Trading in the Contract will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Contracts Not Readily Subject to Manipulation:** The Contract is not readily susceptible to manipulation and are based on the liquidity and robustness of the underlying cash markets.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contract.
- **Daily Publication of Trading Information:** The Exchange will publish information on contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All required trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- **Financial Integrity of Contract:** The Contract will be cleared by the CME Clearing House, which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in the Contract.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in the Contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these Contracts is identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
 Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter 1295  
 Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)  
 Exhibit C: Exchange Fees  
 Exhibit D: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
 Exhibit E: NYMEX Rule 300.20. – Strike Price Listing and Exercise Procedures Table  
 Exhibit F: Cash Market Overview and Analysis of Deliverable Supply

## Exhibit A

### **NYMEX Rulebook Chapter 1295**

#### **D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option**

##### **1295100. SCOPE OF CHAPTER**

This chapter is limited in application to put and call intercommodity spread options on the settlement price of the D4 Biodiesel RINs (OPIS) Futures (Commodity Code: RN4/Rulebook Chapter [1296](#)) less the settlement price of the D6 Ethanol RINs (OPIS) Futures (Commodity Code: RN6/Rulebook Chapter [1297](#)) (the "Intercommodity Spread"). In addition to the rules of this chapter, transactions in the D4 Biodiesel RINs vs. D6 Ethanol RINs Average Price Option shall be subject to the general rules of the Exchange insofar as applicable.

##### **1295101. OPTION CHARACTERISTICS**

The number of contracts open for trading at a given time shall be determined by the Exchange.

###### **1295101.A. Trading Schedule**

The hours of trading for this contract shall be determined by the Exchange.

###### **1295101.B. Trading Unit**

A put option contract will represent the cash difference between the strike price less the final settlement price of the Intercommodity Spread multiplied by 50,000, or zero, whichever is greater. A call option represents the cash difference of the final settlement price of the Intercommodity Spread contract less the strike price multiplied by 50,000, or zero, whichever is greater.

###### **1295101.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per RIN. The minimum price fluctuation shall be \$0.0001 per RIN.

###### **1295101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

###### **1295101.E. Termination of Trading**

An option contract shall expire on the last business day of the contract month.

###### **1295101.F. Type Option**

The option is a European-style option cash settled on expiration day. The option cannot be exercised prior to expiration.

##### **1295102. EXERCISE PRICES AND CHARACTERISTICS**

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

##### **1295103. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

**Exhibit B**

**NYMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")  
Position Limits, Position Accountability and Reportable Level Table  
(attached under separate cover)**

**Exhibit C**

**Exchange Fees**

	<b>Member</b>	<b>Non-Member</b>
CME Globex	\$0.70	\$1.50
Block	\$1.85	\$2.65
EFR/EOO	\$1.85	\$2.65

<b>Processing Fees</b>		
	<b>Member</b>	<b>Non-Member</b>
Cash Settlement	\$0.90	\$1.15
Facilitation Fee	\$0.60	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

**Exhibit D**  
**NYMEX Rulebook**  
**Chapter 5**  
**(“Trading Qualifications and Practices”)**

**Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table**

(additions underscored)

		Outrights		
Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks
<u>D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option</u>	<u>R46</u>	<u>The greater of the following:</u> <ul style="list-style-type: none"> <li>• <u>Delta multiplied by the underlying futures non-reviewable range</u></li> <li>• <u>20% of premium up to ¼ of the underlying futures non-reviewable range</u></li> <li>• <u>5 ticks</u></li> </ul>		

**Exhibit E**  
**NYMEX Rulebook**  
**Chapter 300**  
**(“Options Contracts”)**

**Rule 300.20. - Strike Price Listing and Exercise Procedure Table**

(additions underscored)

Commodity Code	CME Globex Code	Product Name	Product Group	Product Sub-group	Exchange	Rule-book Chapter	Strike Price Listing Rule	Option Style	Contrary Instructions	Margin Style	Exact At-The-Money Characteristics	Underlying Commodity Code	Underlying Product Name
R46	<u>R46</u>	<u>D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option</u>	<u>Energy</u>	<u>Biofuels</u>	<u>NYMEX</u>	<u>1295</u>	<u>Minimum 2 strikes above and below the at-the-money strike at the nearest \$0.05 per RIN increment plus dynamic strikes at \$0.005 per RIN increment.</u>	<u>European</u>	<u>N/A - Financially Settled</u>	<u>Equity</u>	<u>N/A - Financially Settled</u>	<u>RN4</u>	<u>D4 Biodiesel RINs (OPIS) Futures</u>
												<u>RN6</u>	<u>D6 Ethanol RINs (OPIS) Futures</u>



**Exhibit F**  
**Cash Market Overview and Analysis of Deliverable Supply**

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC”) the initial listing of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort.

<b>Contract Title</b>	<b>D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option</b>
<b>Commodity Code</b>	R46
<b>Rulebook Chapter</b>	1295

The Exchange performed an analysis of deliverable supply for the relevant cash markets.

**Data Sources:**

The Exchange determined to use data collected by the Environmental Protection Agency (“EPA”) for its analysis and evaluation of deliverable supply estimates for RINs. The EPA provides detailed data on the key components of deliverable supply. The EPA provides such data on a monthly and annual basis.

Oil Price Information Service (OPIS),<sup>1</sup> a Dow Jones Company is a price reporting service for energy, refined products, natural gas liquids, petrochemicals, and a premier source of benchmark price assessments for those commodity markets. OPIS assesses closing values with the greatest weight in its daily assessment process to confirmed deals, followed by bids and offers. OPIS methodology is compliant with all international standards for price reporting agencies set forth by the International Organization of Securities Commissions (“IOSCO”).<sup>2</sup> The methodology for the assessments can be found at the following website:

<https://www.opisnet.com/about/methodology/#rin-credit>

The final settlement price for the Contracts is based on price assessments of the respective underlying physical markets as assessed and published by OPIS.

The EPA is responsible for developing and implementing regulations to ensure that transportation and heating fuel sold in the United States contains a minimum volume of renewable fuel. The Renewable Fuel Standard (“RFS”)<sup>3</sup> program was created pursuant to the requirements of Clean Air Act (“CAA”) section 211(o),<sup>4</sup> which were added through the Energy Policy Act (“EPAAct”) of 2005.<sup>5</sup> The program, which was developed in collaboration with refiners, renewable fuel producers and other stakeholders established the first renewable fuel volume mandate in the United States.

The original RFS program that began in 2006 is known as RFS1 and required 7.5 billion gallons (bgal) of renewable fuel to be blended into gasoline by 2012, with at least 250 million gallons of cellulosic biofuels starting in 2013. The statutory requirements for the RFS program were subsequently modified, resulting in

<sup>1</sup> <https://www.opisnet.com/>

<sup>2</sup> <https://www.opisnet.com/about/methodology/>

<sup>3</sup> <https://www.epa.gov/renewable-fuel-standard-program>

<sup>4</sup> <http://www.law.cornell.edu/uscode/text/42/7545>

<sup>5</sup> <http://www.gpo.gov/fdsys/pkg/PLAW-109publ58/pdf/PLAW-109publ58.pdf>

the promulgation of major revisions to the regulatory requirements on March 26, 2010.<sup>6</sup> The Energy Independence and Security Act (“EISA”) of 2007 established RFS2, which included diesel in addition to gasoline.

RFS2 expanded and significantly increased volume requirements, setting a target renewable fuel requirement of 36 billion gallons by 2022, with at least 16 billion gallons from cellulosic biofuels, and a cap of 15 billion gallons for conventional biofuel, mainly corn-starch ethanol. RFS volume mandates are not exclusive, and generally result in nested requirements. For example, any renewable fuel that meets the requirement for cellulosic biofuel or biomass-based diesel is also valid for meeting the advanced biofuel requirement. RFS2 also established four separate categories of renewable fuels, each with a separate, but nested, volume requirement, and included greenhouse gas (“GHG”) reduction levels in the definitions of each category. Table 1 illustrates the fuel pathways and associated GHG levels.

**Table 1. Fuel Pathways and Target GHG Reduction<sup>7</sup> Thresholds**

<b>Fuel Pathway</b>	<b>Target GHG Reduction Threshold</b>
Renewable Fuel	20%
Cellulosic Biofuel	60%
Biomass-based Diesel	50%
Advanced Biofuel	50%

For 2023 and beyond, the statute directs the EPA to determine the applicable volume targets in coordination with the United States Department of Energy (“DOE”) and the United States Department of Agriculture (“USDA”).<sup>8</sup> On June 21, 2023, the EPA announced a final RFS Rule for 2023, 2024, 2025.<sup>9</sup> The final rule established biofuel volume requirements and associated percentage standards for cellulosic biofuel, biomass-based diesel (“BBD”), advanced biofuel, and total renewable fuel for 2023–2025. Table 2 details EPA statutory mandates through 2025.

<sup>6</sup> <http://www.gpo.gov/fdsys/pkg/FR-2010-03-26/html/2010-3851.htm>

<sup>7</sup> Percent reduction from a 2005 gasoline or diesel baseline; <https://www.epa.gov/renewable-fuel-standard-program/overview-renewable-fuel-standard>

<sup>8</sup> <https://www.govinfo.gov/content/pkg/FR-2023-07-12/pdf/2023-13462.pdf>

<sup>9</sup> <https://www.epa.gov/renewable-fuel-standard-program/final-renewable-fuels-standards-rule-2023-2024-and-2025>

**Table 2. Renewable Fuel Volume Targets<sup>10</sup>**

(billion RINs)\*

<b>Renewable Fuel Volume Targets</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cellulosic biofuel	0.84	1.09	1.38
Biomass-based diesel**	2.82	3.04	3.35
Advanced biofuel	5.94	6.54	7.33
Renewable fuel	20.94	21.54	22.33
Supplemental standard	0.25	n/a	n/a

\*One RIN is equivalent to one ethanol-equivalent gallon of renewable fuel.

\*\* BBD is given in billion gallons.

In order to meet these volume targets, percentage standards established by the EPA are used to determine each individual company’s renewable volume obligation (“RVO”); or the volume of renewables of which an obligated party is required to prove ownership on a scheduled timeline. An obligated party may comply for all of its refineries in the aggregate, or for each refinery individually. RVOs are based on the CAA volume requirements and projections of gasoline and diesel production for the coming year.

**Renewable Identification Numbers (“RINs”)**

Under the RFS, producers and importers of renewable fuel generate 38-character RINs; a tracking system used by petroleum refiners and importers to demonstrate compliance with their renewable fuel obligations. In other words, RINs are the “currency”<sup>11</sup> of the RFS program used for compliance with renewable volume obligations. RINs are traded in D-Codes, which are EPA-designated fuel categories. Table 3 details EPA D-Code definitions.

**Table 3. D-Code Definitions**

<b>Code</b>	<b>Definition</b>	<b>Fuel Examples</b>
<b>D3</b>	Cellulosic Biofuel	Renewable fuel produced from cellulose, hemicellulose or lignin.
<b>D4</b>	Biomass-based Diesel	Biodiesel, renewable diesel, jet fuel and heating oil.
<b>D5</b>	Advance Biofuel	Made from any type of renewable biomass except corn starch ethanol.
<b>D6</b>	Renewable Fuel	Ethanol derived from corn starch, or any other qualifying renewable fuel.
<b>D7</b>	Cellulosic Biofuel	Cellulosic diesel

<sup>10</sup> <https://govinfo.gov/content/pkg/FR-2023-07-12/pdf/2023-13462.pdf><sup>11</sup> <https://www.epa.gov/renewable-fuel-standard-program/renewable-identification-numbers-rins-under-renewable-fuel-standard>

Assignment of the D code is based on the type of feedstock, fuel type produced, process used to produce the renewable, and GHG thresholds. Table 4 below shows the biodiesel and ethanol RIN percentages of each type of fuel within a D-Code using EPA data from 2023.<sup>12</sup>

**Table 4. RIN Fuel Composition per D-Code 2023<sup>13</sup>**

<b>D3 Cellulosic RIN</b>	<b>Percentage (%)</b>
Cellulosic Ethanol (EV 1.0)	0.2%
Renewable Compressed Natural Gas	88.8%
Renewable Liquefied Natural Gas	11.0%
<b>D4 Biodiesel RIN</b>	
Biodiesel (EV 1.5)	40.88%
Non-ester Renewable Diesel (EV 1.6)	11.16%
Non-ester Renewable Diesel (EV 1.7)	47.45%
Renewable Heating Oil (EV 1.6)	0.02%
Renewable Jet Fuel (EV 1.6)	0.49%
<b>D6 Ethanol RIN</b>	
Biodiesel (EV 1.5)	0.10%
Non-cellulosic Ethanol (EV 1.0)	98.95%
Non-ester Renewable Diesel (EV 1.7)	0.69%
Renewable Gasoline (EV 1.5)	0.24%
Renewable Jet Fuel (EV 1.7)	0.02%

Each RIN generated uniquely identifies not only a specific batch of renewable fuel, but also every gallon assigned to that batch. Equivalence Values (“EV”) are used to calculate the number of RINs, or RIN-gallons, that can be claimed for compliance purposes for every physical gallon of renewable fuel. EV varies depending on the energy content of the fuel. The following equation is used to determine the RIN volume to be generated from a volume of fuel: Number of RINs = EV \* Physical Volume in gallons.<sup>14</sup>

#### **EPA Moderated Transaction System (“EMTS”)**

As of July 1, 2010,<sup>15</sup> the RFS2 regulations require all regulated parties to submit all RIN generation information and other RIN transactions to the EPA Moderated Transaction System (“EMTS”).<sup>16</sup> Any party that owns RINs at any point during the year (including domestic and foreign producers, refiners, exporters,

<sup>12</sup> <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

<sup>13</sup> [https://www.epa.gov/system/files/other-files/2024-01/fuelproduction\\_dec2023.csv](https://www.epa.gov/system/files/other-files/2024-01/fuelproduction_dec2023.csv)

<sup>14</sup> <https://www.law.cornell.edu/cfr/text/40/80.1426>

<sup>15</sup> <https://www.federalregister.gov/documents/2010/05/10/2010-10851/regulation-of-fuels-and-fuel-additives-modifications-to-renewable-fuel-standard-program>

<sup>16</sup> <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/reporting-rfs-rin-transactions-epa-moderated>

and importers of renewable fuels) must register with the EPA and follow RIN record-keeping and reporting guidelines.<sup>17</sup> Using data generated from EMTS, EPA provides aggregated monthly data on RIN generation and renewable fuel volume production for specific fuel categories.

EMTS allows for real-time recording of transactions involving RINs and provides a mechanism for screening and tracking RIN credits. The screening process checks that the information provided by the RIN generator is consistent with an existing registration. After RINs have entered EPA’s EMTS system, parties may then trade them based on agreements outside of EMTS. The system simplifies trading by allowing RINs to be traded generically.

An underlying principle of RIN ownership is one of “buyer beware” and the EPA has no “good faith” provision to RIN ownership. RINs may be prohibited from use at any time if they are found to be invalid. Because of the “buyer beware” aspect, the EPA offers the option for a buyer to accept or reject RINs from specific RIN generators or from classes of RIN generators.<sup>18</sup>

RINs generated during the current year may be used to satisfy either the current year or the following year’s volume requirement. If a fuel supplier has already met its mandated share and has supplied surplus biofuels for a particular biofuel category, it can sell the extra RINs to another supplier (who has not met its mandate for that same biofuel standard) or it can hold onto the RINs for future use. Deficit carryovers can be any amount but for any individual company, up to 20% of the current year’s RVO may be met by RINs from the previous calendar year.<sup>19</sup>

A RIN assigned to a volume can be separated when the volume that the RIN is assigned to is blended with gasoline or diesel to produce a motor fuel or the volume is exported. Assignment of a RIN occurs when the producer or importer of the renewable fuel transfers a RIN to another party along with a volume of renewable fuel.<sup>20</sup>

## Production

RINs are generated for each gallon of qualified renewable fuel by the fuel manufacturer or importer at the time of production or import. Table 5 below provides data for the number of RINs generated for the time period of May 2021 through April 2024.

According to the EPA and Table 5 below, the three (3)-year average for RINs generated over the annual period from May 2021 to April 2024 is 557,715,945 for D4 biodiesel RINs and, 1,225,950,606 for D6 ethanol RINs.

**Table 5. Number of RINs Generated<sup>21</sup>**

Year	Month	D4 Biodiesel RIN	D6 Ethanol RIN
2021	May	396,612,961	1,263,222,985

<sup>17</sup> <http://www.fas.org/sgp/crs/misc/R40155.pdf>

<sup>18</sup> <https://www.epa.gov/renewable-fuel-standard-program/quality-assurance-plans-under-renewable-fuel-standard-program#:~:text=RINs%20verified%20under%20a%20QAP,are%20valid%20for%20compliance%20purposes>

<sup>19</sup> [https://www.epa.gov/fuels-registration-reporting-and-compliance-help/whom-does-20-limit-previous-year-rins-apply#:~:text=Under%20regulation%20Section%2080.1127\(a,show%20compliance%20with%20an%20RVO\).](https://www.epa.gov/fuels-registration-reporting-and-compliance-help/whom-does-20-limit-previous-year-rins-apply#:~:text=Under%20regulation%20Section%2080.1127(a,show%20compliance%20with%20an%20RVO).)

<sup>20</sup> <https://www.govinfo.gov/content/pkg/CFR-2018-title40-vol19/pdf/CFR-2018-title40-vol19-sec80-1129.pdf>

<sup>21</sup> <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

	Jun	428,992,209	1,270,364,644
	Jul	358,703,699	1,274,688,496
	Aug	421,787,072	1,216,791,258
	Sep	385,397,733	1,162,769,175
	Oct	431,410,685	1,204,115,975
	Nov	464,730,265	1,257,887,027
	Dec	585,022,536	1,299,993,145
2022	Jan	355,508,039	1,212,911,253
	Feb	395,541,068	1,073,062,725
	Mar	489,940,922	1,270,858,072
	Apr	498,679,065	1,136,521,605
	May	513,782,344	1,233,602,877
	Jun	491,326,034	1,291,871,250
	Jul	421,678,120	1,211,905,437
	Aug	474,214,491	1,270,303,849
	Sep	502,315,281	1,130,469,629
	Oct	477,230,813	1,237,924,280
	Nov	582,192,303	1,268,691,546
	Dec	584,830,424	1,212,942,183
2023	Jan	523,261,212	1,215,712,001
	Feb	518,374,085	1,130,182,700
	Mar	620,469,861	1,220,641,691
	Apr	603,539,499	1,156,345,972
	May	751,034,882	1,278,641,014
	Jun	679,598,303	1,286,200,406
	Jul	635,871,764	1,280,346,021
	Aug	703,285,636	1,279,668,174
	Sep	673,823,496	1,179,872,521
	Oct	734,494,602	1,302,645,051
	Nov	680,180,316	1,241,716,296

	Dec	842,020,718	1,261,829,551
2024	Jan	675,878,899	1,206,104,560
	Feb	743,154,436	1,210,466,670
	Mar	652,766,226	1,187,854,180
	Apr	780,124,023	1,195,097,580
Three (3)-year average		557,715,945	1,225,950,606

## Net Generation

Table 6 below illustrates the total net generation number of RINs which is the total number of RINs generated minus the number of invalid RINs generated. RIN generation error corrections are defined as RINs that have been retired in EMTS using any of the three (3) retirement reason codes: invalid RIN, import volume error correction, or volume error correction.

According to the EPA and Table 6 below, the three (3)-year average for RINs generated over the annual period from January 2021 to December 2023 is 6,198,952,213 for D4 biodiesel RINs and, 14,533,000,425 for D6 ethanol RINs, respectively.

**Table 6. Number of RINs Generated<sup>22</sup>**

RIN Year	Fuel (D Code)	Total RINs Generated	RIN Generation Error Corrections	Net RINs Generated	Net RINs Generated Three (3)-Year Average
2021	D4	4,873,636,560	4,097,597	4,869,538,963	6,198,952,213
2022	D4	5,787,237,029	7,576,444	5,779,660,585	
2023	D4	7,957,971,110	10,314,020	7,947,657,090	
2021	D6	14,259,937,329	15,146,142	14,244,791,187	14,533,000,425
2022	D6	14,550,939,851	13,628,002	14,537,311,849	
2023	D6	14,825,051,530	8,153,291	14,816,898,239	

## Retirement

In addition to the retirements from error corrections as outlined in Table 6, RINs are retired when used for compliance by obligated parties and exporters. Obligated parties typically only retire RINs after the end of

<sup>22</sup> <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions>

the compliance year, not during the year in which they are generated. Exporters retire RINs within one month of the export event.<sup>23</sup>

Table 7 below shows the percent of Net RINs generated that are retired *by the end of the calendar year* in which they are generated. From 2021 to 2023 12% of D4 RINs, and 3% of D6 RINs were retired during the year in which they were generated.

**Table 7. Number of Current Year RINs Retired during the Current Year<sup>24</sup>**

RIN Year	Fuel (D Code)	Net RINs Generated	Other Current Year RIN Retirements	Retirement % of Net RINs Generated	Three (3)-Year Average
2021	D4	4,869,538,963	544,237,250	11%	12%
2022	D4	5,779,660,585	777,361,835	13%	
2023	D4	7,947,657,090	998,079,536	13%	
2021	D6	14,244,791,187	414,474,380	3%	3%
2022	D6	14,537,311,849	476,312,848	3%	
2023	D6	14,816,898,239	636,652,991	4%	

As noted above under “EPA Moderated Transaction System (EMTS),” RINs generated during the current year may be used to satisfy either the current year or the following year’s volume requirement. Some RIN generators may choose not to make their generated RINs available for sale and instead use them directly to meet their own obligations. The Annual RIN Sales Report<sup>25</sup> data shows RIN sales data by entity type, including RIN originators which are defined as “Domestic renewable fuel producer or renewable fuel importer.” This category groups together any company that generated any amount of RINs. Their Annual RIN Sales volume represents the amount of RINs they have sold into the market. Over the last three (3) years, RIN originators sold an average of 80% of their generated D4 RINs, and 91% of their D6 RINs as shown in Table 8.

**Table 8. Generated RINs Made Available for Sale<sup>26</sup>**

RIN Year	D4 RINs Sold by Originators	D6 RINs Sold by Originators	D4 RIN Sales as % of Net Generation	D6 RIN Sales as % of Net Generation
2021	4,070,411,154	12,887,423,613	84%	90%
2022	4,641,010,326	12,698,187,728	80%	87%
2023	6,111,174,272	14,012,314,476	77%	95%
	<b>Three Year Average</b>		<b>80%</b>	<b>91%</b>

<sup>23</sup> <https://www.epa.gov/renewable-fuel-standard-program/renewable-identification-numbers-rins-under-renewable-fuel-standard>

<sup>24</sup> Retirement volumes not including retirements from invalid RIN, import volume error correction, or volume error correction. These three (3) retirements are already deducted from Net RINs generated. [https://www.epa.gov/system/files/other-files/2022-01/retiretransaction\\_dec2021.csv](https://www.epa.gov/system/files/other-files/2022-01/retiretransaction_dec2021.csv), [https://www.epa.gov/system/files/other-files/2023-01/retiretransaction\\_Dec2022.csv](https://www.epa.gov/system/files/other-files/2023-01/retiretransaction_Dec2022.csv), and [https://www.epa.gov/system/files/other-files/2024-01/retiretransaction\\_dec2023.csv](https://www.epa.gov/system/files/other-files/2024-01/retiretransaction_dec2023.csv).

<sup>25</sup> <https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rin-trades-and-price-information>



## ANALYSIS OF DELIVERABLE SUPPLY

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. (See Appendix C to 17 CFR part 38.)

For purposes of calculating deliverable supply, the Exchange used net RIN generation data for the three (3)-year time period from January 2021 through December 2023. The Exchange calculated monthly averages by dividing annual numbers by twelve (12).

To account for the fact that a portion of Net RINs generated may not be readily available as deliverable supply either because they are retired as shown in Table 7 or because a generator may choose to hold them as shown in Table 8., the exchange will reduce the deliverable supply based on these factors. Table 9 demonstrates the calculation used to arrive at deliverable supply.

**Table 9. Calculation of RINs Deliverable Supply**

<b>Fuel (D Code)</b>	<b>Monthly Net RINs Generated</b>	<b>% of Generated RINs Made Available for Sale</b>	<b>Less Average Annual RIN Retirements<sup>26</sup></b>	<b>Net Monthly Deliverable Supply (RINs)</b>	<b>Net Monthly Deliverable Supply (Contracts)</b>
D4	516,579,351	80%	12%	363,671,863	7,273
D6	1,211,083,369	91%	3%	1,069,023,290	21,380

The Exchange estimates the monthly deliverable supply of D4 current year biodiesel RINs to be approximately 363,671,863 RINs, which is equivalent to 7,273 contracts per month (contract size 50,000 RINs). The spot month position limit for the first leg of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option contract will aggregate into the D4 Biodiesel RINs (OPIS) Futures contract, with a position limit of 1,500 contracts or 20.6% of the estimated monthly deliverable supply.

The Exchange estimates the monthly deliverable supply of current year D6 biodiesel RINs to be approximately 1,069,023,290 RINs, which is equivalent to 21,380 contracts per month (contract size 50,000 RINs). The proposed spot month position limit for the second leg of the D4 Biodiesel RINs (OPIS) vs. D6 Ethanol RINs (OPIS) Average Price Option will aggregate into the D6 Ethanol RINs (OPIS) Futures contract, with a position limit of 4,000 contracts or 18.7% of the estimated monthly deliverable supply.

<sup>26</sup>Note this percentage represents RINs retired as of year end. Assuming ratable monthly retirements, this number overestimates the amount of RINs unavailable due to retirement during most of the calendar year, and thus is conservative.