S&P Global Platts Launches Renewable Diesel Values in United States

New Renewable Diesel Assessments Support the Transport Sector's Energy Transition

HOUSTON and NEW YORK, Dec. 1, 2020 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced the launch of renewable diesel values for the Americas. These daily assessments bring transparency to a growing market as the transport and refining industry embraces the energy transition towards low-carbon intensive fuel.

Renewable diesel (also known as hydrotreated vegetable oil or "HVO" inEurope) is a biomass-derived transportation fuel suitable for use in diesel engines. Like biodiesel, renewable diesel is not a fossil fuel. Instead, it is made of nonpetroleum renewable resources such as natural fats, vegetable oils, and greases. These new prices follow Platts' launch of Europe's price references for HVO on August 17, 2020, and sustainable aviation fuel (SAF) prices for the Americas andEurope launched in the third quarter of 2020.

Ian Dudden, global pricing director, metals and agriculture, S&P Global Platts, said: "Renewable diesel has never been more relevant to the US market given the ongoing transition to lower carbon intensity fuels. Platts daily renewable diesel prices bring transparency to a market poised to see exponential growth in the coming years, building on Platts long-standing position as the leading provider of biofuels benchmark price information."

Platts has observed growing interest in renewable fuels across the transportation markets driven by the ongoing transition to lower carbon fuels. A series of announcements by refiners and other US-based companies highlight the expected increase in supply through expansion of existing facilities, conversion of oil refineries to renewable diesel facilities, co-processing renewable diesel at existing refineries, and construction of new plants.

"The US federal Renewable Fuel Standard (RFS), California Low Carbon Fuel Standard (LCFS) and Blenders' Tax Credit (BTC) has supported the growth of the renewable diesel market and S&P Global Platts Analytics forecasts that global renewable diesel supply will exceed 3 billion gallons in 2023 and 5 billion gallons by 2025," added **Patricia Luis-Manso, head of agriculture & biofuels analytics, S&P Global Platts**. "In the US, the layering of these credits has allowed for significant investments by refiners and other producers."

The launch of the new Platts Americas renewable diesel values (named "Platts US West Coast RD") follows active market engagement with producers, consumers, traders and others in the Americas oil and biofuel markets. The cost-based prices will be published from December 1, 2020, and will reflect the cost of renewable diesel produced from tallow via hydro-processing. The daily prices will be expressed in US dollars per gallon and reflect the production costs of renewable diesel for blending into diesel.

Physical market trading for renewable diesel has not yet reached sufficient volumes to support spot price assessments and, therefore, the cost-based methodology will be calculated by S&P Global Platts Analytics based on existing Platts assessments

and other fixed costs. The renewable diesel inputs are costs of tallow and hydrogen, added to fixed renewable diesel fuel refinery costs, then deducting the by-products of gasoline and propane.

Platts will also publish US renewable diesel values that take into account environmental credits, by deducting the Renewable Identification Numbers under the US RFS, credits from the LCFS administered by the California Air Resources Board, and, when applicable, the US BTC.

S&P Global Platts is committed to reviewing its methodology specifications and assumptions on an ongoing basis as the renewable diesel market evolves and Platts will continue to engage with the marketplace.

The full subscriber note can be found here:https://www.spglobal.com/platts/en/our-methodology/subscriber-notes/120120-platts-launches-us-west-coast-rd-ex-refinery-prices

For the latest S&P Global Platts insight on the US Renewable Diesel market please see the Infographic here: https://www.spglobal.com/platts/en/market-insights/latest-news/oil/110420-evolve-or-die-us-refiners-grasp-renewables-lifeline-to-stay-viable

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