

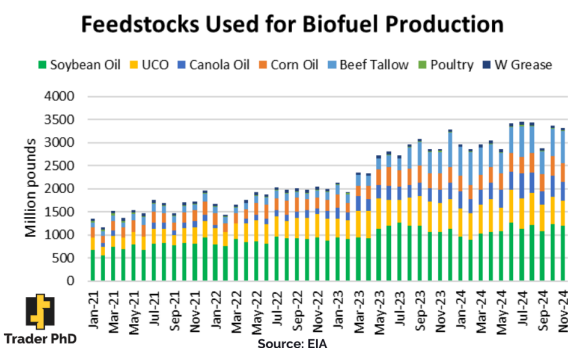


**February 14, 2025**

This month's report highlighted multiple record-breaking statistics for 2024, including renewable fuel production, feedstock imports, and ethanol exports. While renewable diesel production surged last year, the percentage of soybean oil used in biofuel production continued to decline. Reduced usage has been indicative of record foreign feedstock imports. Ethanol production continued to increase during November, while exports hit a new record in 2024, surpassing volumes set in 2018.

### Feedstock Usage

Feedstocks used for biofuel production in November totaled 3.322 billion pounds, down 1.4%, according to EIA data. Feedstock usage increased for nearly all major categories, including canola oil, corn oil, soybean oil, and UCO. Tallow was the only feedstock that saw an increase during the month.

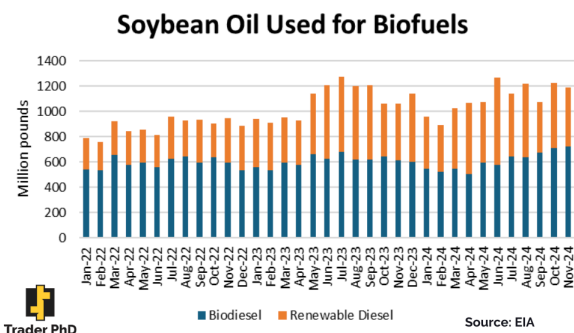


Increased imports of foreign feedstocks such as UCO and beef tallow have led to lower overall usage of soybean oil in biofuel production. UCO used in biofuel production totaled 543 million pounds in November. Year-to-date usage totaled 6.85 billion pounds, up 11% year-over-year. Year-to-date tallow usage was up 87% at 6.46 billion pounds.

Soybean oil used for biofuel consumption fell 2.9% to 1.192 billion pounds. The share of soybean oil used in renewable diesel production fell to 39.2%. Increasing soybean oil usage in biodiesel production has limited use in renewable diesel. Additionally, soy oil accounted for just

36% of total feedstock usage in U.S. renewable fuel production, maintaining an overall downtrend since reaching a peak in 2022.

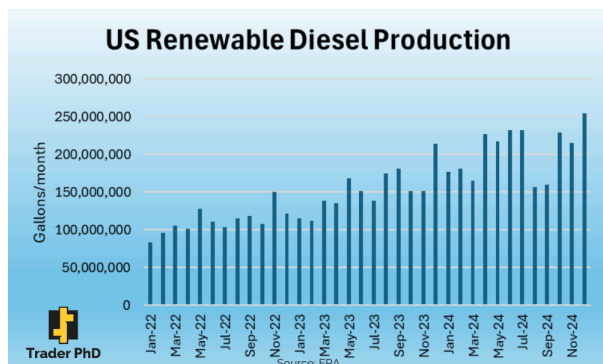
November's renewable diesel production using soybean oil was up about 4% year-over-year. Meanwhile, soybean oil used in biodiesel production was up 18%. Biodiesel production growth appeared to stall over the past few years but has seen a larger push ahead of the expiration of the blenders tax credit that expired at the end of last year.



Feedstocks dominate renewable fuel costs, accounting for the largest share of production expenses. That makes biofuel producers extra particular in feedstock sources to maximize margins as best they can.

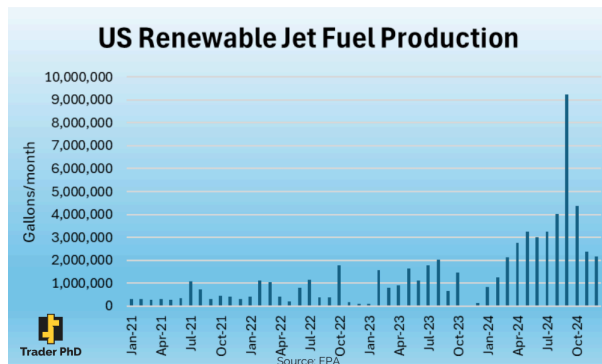
### Biomass-Based Diesel

Biomass-based renewable diesel production totaled a record 254 million gallons in December, up 18.6% from the previous month, according to data from the Environmental Protection Agency. Total production for 2024 reached 2.44 billion gallons, up 34% from the previous year. Lower supply growth in the third quarter of 2024 allowed for better returns. Margins falling back toward multi-year lows heading into the new year will likely pressure future production.



Renewable jet fuel production declined for a third consecutive month, totaling 2.16 million gallons in December, down 9% from November. That was the lowest volume since February 2024. Annual production reached 38.7 million gallons, up 217% from 2023. The drop-in

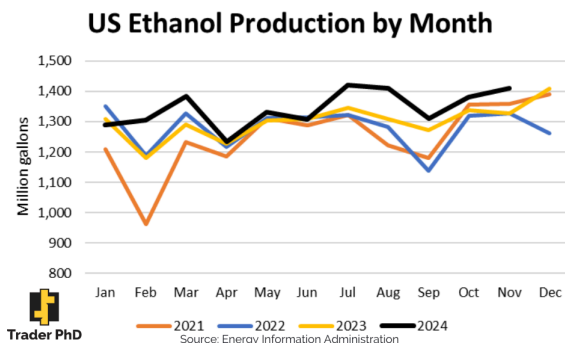
alternative to petroleum-based jet fuel has seen substantial growth since the renewable diesel boom, primarily in 2024, as airlines increasingly partnered with green energy companies.



Biodiesel production rose by 31% in December to 174.7 million gallons, also reaching a record for any month. Annual production fell nearly 1% from 2023 due to biofuel producers pivoting towards renewable diesel.

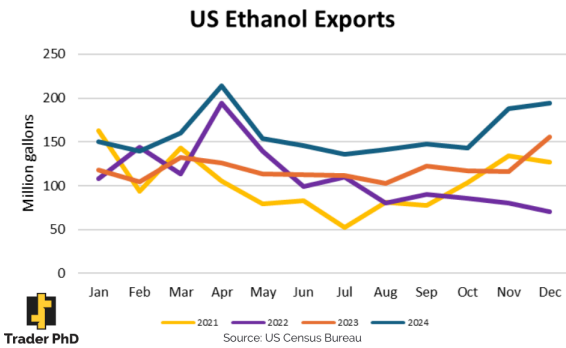
## Ethanol

U.S. ethanol production rose 2% in November to 1.409 billion gallons. Output was up 7.1% from November 2023. Year-to-date production reached 14.778 billion gallons, up nearly 4% from a year ago. Strong international demand for U.S. exports has kept ethanol processors optimistic despite declining margins.



Monthly data from the U.S. Census Bureau last week showed December ethanol exports totaled 194 million gallons. The December data brought total 2024 exports to a record 1.914 billion gallons. Broad-based growth in shipments to top importers Canada (+8%), the United Kingdom (+ 52%), and India (+123%) helped exports exceed 2018 volumes.

Canada was the top importer of U.S. ethanol for the 45th consecutive month, driven by the country's biofuel policies. On a per-bushel basis, ethanol exports totaled 683 million bushels or about 5% of U.S. corn demand.

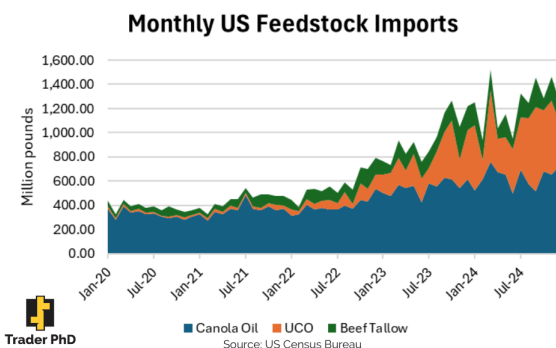


Carbon emissions policies in countries like Canada have boosted demand for U.S. ethanol. Green policies in the European Union have led to increased exports. Central and South America have also been major growth areas for the U.S. ethanol market.

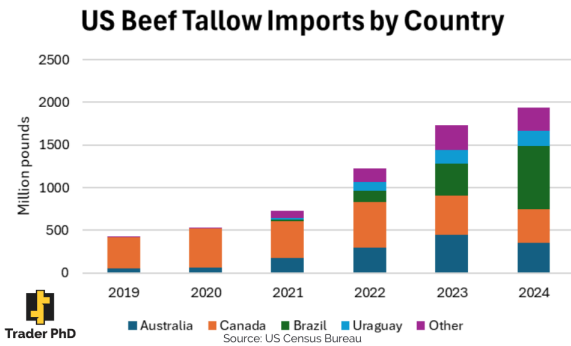
### Biofuel Feedstock Imports

U.S. feedstock imports of canola oil, UCO, and beef tallow fell 12.4% in December to 1.282 billion pounds, according to U.S. Census data. UCO imports fell 38%, and beef tallow shipments were down 9.6%. However, canola oil imports rose 10.4% during the month but were unable to offset declines from other categories.

The U.S. imported record volumes of UCO, beef tallow, and canola oil last year. Import growth was led by renewable fuel producers taking advantage of biofuel tax credits, which favored feedstocks with lower carbon intensity scores over soybean oil.



Beef tallow imports totaled 178 million pounds, driven by declines from Brazil during December. Total imports hit a record in 2024, led by growth in shipments from Brazil despite a decline in sourcing from Australia and Canada. Brazil has been the primary growth factor, as the country maintained its seat as the third-largest cattle producer in the world. A breakdown by country shows a decline in shipments from Australia, Canada, and Uruguay compared to a year ago.



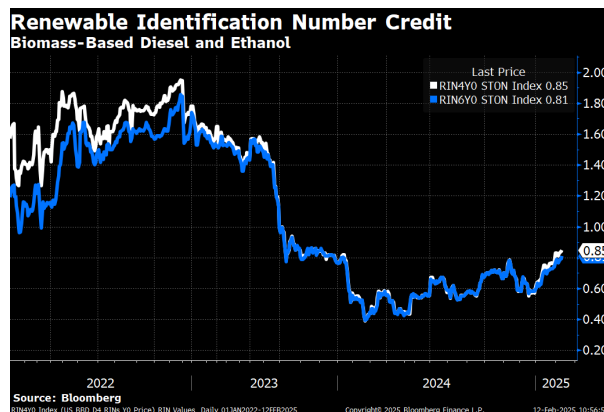
## RIN Prices

The Environmental Protection Agency defines Renewable Identification Numbers (RINs) as the “currency” of the Renewable Fuel Standard (RFS) program, and credits are used for compliance to meet renewable volume obligations.

D4 RIN = Biomass-based diesel

D6 RIN = Ethanol

D6 RINs set the price floor for D4 RINs because the RFS program counts R4 RINs toward the total biofuel requirement that drives D6 RIN prices. Since 2023, D4 RINs have mostly been trading near the price floor set by D6 RINs because D4 RIN generation has far exceeded the rates necessary to meet the D4 and D5 blending obligations.



RIN prices for ethanol and biomass-based diesel finished January on a strong note due to increasing biofuel margins. Lower growth in biofuel production in the fourth quarter of last year helped support credits.

## Additional Comments

The current trend of producers favoring UCO over soybean oil may not continue due to the expiration of the biofuel tax credit. A lack of guidance has sidelined renewable fuel producers. UCO prices have continued to climb over the past month despite President Trump freezing federal spending on programs in the Inflation Reduction Act.

The U.S. Treasury Department's recent proposal that could set restrictions on UCO imports also supported prices as renewable fuel companies race to secure supplies ahead of a potential ban.