The International Waste Arbitrage

Shanghai: November 2017
Waste fuel outlook 2018

Member states growing mandates to hit 10% 2020 RED target

ILUC directive caps crops at 7% by 2020, 3.8% 2030, driving demand rapidly towards wastes

GHG-counting is gaining ground, mandatory 2020

RFS struggling under Trump

Argentina anti-dumping leaves huge hole for domestic producers to fill – more demand for domestic waste

States joining California’s low carbon fuel push
Substitution and economics add demand

Palm’s politics are poor

Waste offers better economics
GHG-counting is spreading – paperwork follows
EU already runs on imports
West Coast dominates US HVO imports

US Renewable diesel imports: CA vs all destinations
Where do I get the best price?

UCOME - EU ARA vs US LA spread
Negotiating international arbs

- ISCC/RED sustainability certification
- National qualifying requirements: UK, Germany, Sweden, Italy etc
- Double count or GHG?
- Buyer specification
- UCONE/TME/Feedstock prices
- Logistics

- CARB LCFS pathway certification & sustainability
- LCFS/Oregon prices & CI in cents/gal
- RIN prices & D-code
- Tax credits
- UCONE/TME/Feedstock prices
- Logistics
PRIMA tracks the global complex

PRIMA’s California LCFS Index settled at $98.25 Tuesday, up $1.50 from the previous trading session alongside strengthened bid activity. PRIMA’s LCFS assessed index fell as the midpoint of the day’s closing best bid and ask indications of $97.50 and $99, without receiving confirmed transactional interests. A $98.25 index was tested during PRIMA’s Discovery session, and was not disproven by either bid or ask-side positions. The strengthened index follows robust buy-side activity, which saw confirmed bids steadily climb throughout the day to reach a daily high of $97.50, the highest confirmed bid in a week.

The Oregon Environmental Quality Commission unanimously approved the 2017 proposed rulemaking package to the Oregon Clean Fuels Program (DCFP) on Friday. The rulemaking, which will take effect on 1 January 2018, will set up a Credit Clearance Market for the sale of surplus credits from parties regulated by the DCFP, creating a new credit trading market.

Brazil’s RenovaBio nears commencement

European UCOME markets stayed subdued Tuesday in the wake of Monday’s slide, absent any renewed offers reported in either European UCOME or TME. With the European market under pressure from Argentinian SME imports coupled with weaker seasonal blending demand, California has moved back to a price premium to northwest European UCOME, a development likely to grab attention as the Asian waste industry congregates in Shanghai next week. More California LCFS accreditations are expected shortly among Asia’s producer roster, developing optionality between the US and European markets for Asian suppliers. Offers continue to be shown for advanced biodiesel feedstock POME around 500USD/t FOB Indonesia, with smaller clip sizes a problem for shippers. US UCO prices weakened at the beginning of November, with delivered prices into Houston down nearly 6% WoW at 28.25c/lb. Prices in Southern California meanwhile average between 28.00-29.00 cents/lb, off slightly from the yearly high of 29.50-30.50 cents/lb recorded during late August. US yellow grease exports fell from 13,741t in August to 7,511t in September, with nearly 80% of this being shipped to the UK and Germany.
Stay on top with PRIMA

EU Biodiesel
US Biodiesel
Argentinian biodiesel
Veg Oils
International Ethanol
Asian Ethanol
California carbon
Monthly RIN Count

Contact: Patrick.Meister@Prima-Markets.com