



UNIVERSITY OF MINNESOTA

Department of  
**APPLIED  
ECONOMICS**

# Agricultural and Applied Economics Seminar

## RIN Pass-Through to Retail E85 Prices Under the Renewable Fuel Standard

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**12:00 – 1:30 pm**

**119 Ruttan Hall**

The Renewable Fuel Standard (RFS) is among the largest renewable energy mandates in the world, seeking to displace over a quarter of the United States fuel supply with biofuels by 2022. The policy is enforced using tradeable credits that implicitly subsidize biofuels and tax fossil fuels. The RFS relies on these taxes and subsidies to be passed through to consumers to stimulate demand for biofuels and decrease demand for gasoline and diesel. Using station-level prices for E85 (a high-ethanol blend fuel) from over 450 retail fuel stations, we show that pass-through of the ethanol subsidy is, on average, complete. However, we find that full pass-through takes four to six weeks and that local market structure of gasoline stations influences both the speed and overall level of pass-through. (with James Bushnell)