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Corn farmers and ethanol producers continue to claim small refinery exemptions have undermined the Renewable Fuel Standard — the federal law that requires increasing amounts of biofuels to be blended into the motor gasoline and diesel supply. The corn perspective is that it's possible to blend at least 15 billion gallons of ethanol into the fuel supply this year and small refinery exemptions are what's getting in the way of that evasive target.

[Small refinery exemptions \(SREs\)](#) are not the problem. EPA could mandate a full 15 billion gallons with zero SREs and the fuel supply would still only be able to accommodate about 14.3 billion gallons of ethanol.

The limiting factor for ethanol consumption is, and has always been, the blend wall — a term signifying the limit to how much ethanol the fuel supply can actually handle, based on fuel and vehicle infrastructure and consumer demand.

The blend wall can change as infrastructure and demand change, but through the course of RFS it's been roughly 10 percent of the motor gasoline supply. This makes sense given that roughly [95 percent](#) of gas sold in the U.S. is E10 (gasoline that is 10 percent ethanol), a fuel compatible with almost every car on the road.

The overarching problem with an RFS program that mandates more and more biofuel blending every year is that gasoline demand today is much lower than government projected 14 years ago. When the RFS was written, Congress thought the U.S. would be consuming about 165 billion gallons of gasoline this year instead of the approximately 140 billion gallons we've actually used in recent years (which is even lower now due to COVID-19). [RFS](#) volume targets in the 2007 law are based on projections that haven't come to pass. If the U.S. was consuming 160 billion gallons of gasoline, we would easily consume 15 billion gallons of conventional corn ethanol and likely more. But with today's fuel consumption, there's literally nowhere for extra ethanol to go once the blend wall is hit.

When those guiding projections are considered, it is clear Congress never intended RFS volume mandates to exceed the [E10](#) blend wall.

Denying relief to small refineries and making the RFS mandate bigger through volume reallocation will not change the reality of the blend wall, grow the capacity of the fuel supply or inspire more consumers to buy [E15](#) and flex fuels. That's the hard truth about RFS volume reallocation. It's not going to deliver a meaningful uptrend in ethanol consumption. It will lead to higher compliance costs and more imports of foreign biodiesel, neither of which support the aims of the RFS's parent bill, the Energy Independence and Security Act of 2007.

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