WASHINGTON, D.C. — The American Fuel & Petrochemical Manufacturers (AFPM) submitted comments Friday on the U.S. Environmental Protection Agency's (EPA's) proposed supplemental rulemaking to the 2026-2027 Renewable Fuel Standard (RFS) proposal. The supplemental proposal, issued in September as an addendum to EPA's June RFS proposal, seeks to add to the already-historically-high 2026-2027 RFS biofuel blending mandates by reallocating RFS costs waved from some refineries over the course of 2023 to 2025 onto the next tranche of RFS obligations imposed on all refiners. AFPM highlighted the following in its comments:

- **EPA's June RFS proposal is already poised to be the most expensive in history. Reallocation will make it worse, potentially pushing total 2026-2027 compliance costs to nearly $150 billion:** "…analysts already 'expect the RVO compliance per barrel of gasoline or diesel to go from $5.42/bbl through the first five months of 2025 to $10.24 in 2026," meaning that they will nearly double in less than two years. EPA must not exacerbate these high costs with additional volumes… Turner Mason & Company (TM&C) estimates that full (100%) reallocation alone could increase compliance costs by $10–12 billion [pushing total compliance costs to nearly $150 billion]."
- **Reallocation would raise the RFS well beyond the volume that domestic supplies of soybean oil could support (based on 2026-2027 crushing capacity). It will raise biofuel feedstock costs and make the United States more dependent on imports:** "…additional renewable fuel production will be required to achieve the additional volume requirements proposed [by EPA], increasing RIN demand, putting upward pressure on feedstock and RIN prices, and increasing overall RFS program costs… new analysis by S&P Global Commodity Insight confirms that feedstock shortages will increase soybean oil prices, forcing higher imports, and further undermining U.S. energy security — the very outcome the RFS was intended to prevent."
- **If EPA's reallocation mandate helps to drive soybean oil costs significantly higher, total RFS costs — which are paid by American consumers and refiners — could rise from $150 billion to $190 billion over 2026 and 2027:** "As a result of forecasted higher feedstock prices, the price difference between bean oil (BO) or more specifically soybean oil — the primary feedstock for biodiesel production — and heating oil (HO) or ultra-low sulfur diesel (referred to as the BOHO spread) is expected to widen. If the spread widens to historical highs, TM&C projects the proposal could increase compliance costs from $136 billion [total costs of EPA's June RFS proposal] to as much as $190 billion — an increase of $54 billion or 40%. Furthermore, EPA failed to evaluate the impact of this proposal on food prices, which may require shifting the use of soybean oil from current uses, such as food or animal feed, to biofuel production."
- **The only lawful, acceptable reallocation number is zero:** "EPA must withdraw the SNPRM and instead implement a 0% reallocation policy. Only by setting volumes grounded in real, forward-looking production data and completing a comprehensive statutory impact analysis can EPA maintain compliance with both the Clean Air Act and principles of regulatory accountability."

AFPM's full comments submitted to EPA on October 31 are available here.

Read more on the Renewable Fuel Standard:

- RFS costs part I: Will the ’26-’27 RFS ‘unleash’ affordable, reliable energy?
- RFS costs part II: Would you pay $770 for an extra gallon of corn ethanol?
- EPA’s RFS proposal doesn’t square with the ‘energy dominance’ agenda
- AFPM: EPA reallocation proposal is a multi-billion-dollar addendum to a $70 billion RFS
- AFPM applauds Senator Lee’s bill to address reallocation
- AFPM response to EPA actions on RFS small refinery waiver backlog
- AFPM: RFS proposal misses the mark on affordability, security by an ‘Iowa mile’

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About AFPM:

The American Fuel & Petrochemical Manufacturers (AFPM) is the leading trade association representing the makers of the fuels that keep us moving, the petrochemicals that are the essential building blocks for modern life, and the midstream companies that get our feedstocks and products where they need to go. We make the products that make life better, safer and more sustainable — we make progress.

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