American Fuel & Petrochemical Manufacturers

AFPM

Save Americans Billions:
Reset the 2026-2027 Renewable Fuel Standard

The largest, most expensive RFS in history

In March, the EPA finalized the largest, most expensive RFS mandate in history, and **the single most expensive regulation of President Trump's second term.**

Recent RFS compliance costs have averaged above 30-cents per gallon, making it that much more expensive to supply gasoline and diesel to the U.S. market. As the administration and Congress consider ways to provide relief to American drivers, revisiting the RFS should be at the top of the list.

26-35 cents per gallon in RFS compliance costs

EPA's own analysis shows the current RFS program will cost Americans more than **$20 billion per year**, while offering just $400 million in benefits. But EPA's analysis is incomplete.

For the market to meet the mandates without drawing down the RIN bank, compliance is expected to cost at least **$106 billion** over the next two years, or **26-35 cents per gallon** for every gallon of gasoline and diesel supplied to the U.S. market.[1] That cost range reflects value of the RFS compliance credits (RINs) refineries must submit to EPA to satisfy their annual RFS obligations.

Consumers pay for the RFS

Consumers and refiners substantially pay the cost of complying with the RFS program. EPA itself believes RFS compliance costs are ultimately borne by American consumers through higher fuel prices. See the following excerpts from EPA's response to comments and regulatory impact analysis of the RFS rule and 2025 SRE decisions:

> *"Analyses by EPA and others has repeatedly demonstrated that obligated parties pass the cost of these RINs (including the cellulosic RINs) to consumers in the price of the gasoline and diesel fuel they produce."*

> *"We further project that obligated parties will pass on the costs of purchasing additional RINs to consumers, and that the SRE reallocation volumes could therefore increase the cost of transportation fuel to consumers."*

> *"...the cost of acquiring RINs is passed through from obligated parties to consumers of transportation fuel."*

> *"...compliance costs are passed through to consumers in higher prices on the gasoline and diesel subject to the [RFS]."*

Why are RFS costs so high?

The mandates are too large and poorly structured: The 2026-2027 RFS mandates require historic and unproven increases in biofuel production and consumption, and continue EPA's history of ignoring consumer demand and infrastructure constraints. As mandates get bigger, it becomes more difficult to comply and costs jump higher.

RFS costs could get even worse because of Iran

RFS prices may move even higher as global competition for RD and SAF supply increases. When EPA finalized the RFS, it assumed a certain share of global renewable diesel (RD) and sustainable aviation fuel (SAF) would be available to the U.S. market to assist with RFS compliance. EPA's analysis did not consider that renewable diesel and SAF would be pulled into Europe and Asia to replace supply of petroleum diesel and jet fuel lost because of the effective closure of the Strait of Hormuz. Increasing global competition for RD and SAF has put upward pressure on RD and SAF prices and that will impact RFS costs.

The stakes (and cost) of doing nothing

Billions of dollars: Americans will pay billions of dollars more than they should if the RFS isn't right-sized.

Higher imports: Because the current mandates exceed domestic advanced biofuel feedstock production, the United States will have to import significant fuels and feedstocks to satisfy the inflated advanced mandate.

Less gasoline and diesel for U.S. consumers: Because of the size of the RFS and inadequate RIN credit generation, the RFS compliance credit bank is expected to be fully depleted by 2027. Without credits or running deficits[2] (if possible), the only way to satisfy the law in future years will be for refineries to reduce the amount of fuel they supply to the U.S. market. Unlike fuels sold here, gasoline and diesel exported out of the United States does not incur an RFS obligation.

What to do?

1. **Reduce the implied ethanol mandate.** Setting the conventional ethanol mandate at the blend wall and redirecting that small volume into the advanced biofuel mandate would cut RFS compliance costs in half, saving Americans billions.

2. **Revise the advanced biofuel mandate.** Set volumes in line with actual domestic fuel and feedstock production, taking the most recent RIN generation data into account. This would keep the RIN bank from running dry and would reduce dependence on imported fuels and feedstocks.

3. **Get rid of reallocation.** It's unlawful and represents nothing but additional costs to U.S. consumers.

Resize the RFS. Historic mandates come with historic costs.

[1]Analysis conducted by Turner Mason & Company for AFPM. TMC's analysis builds supply curves for biomass-based diesel and solves for the implicit RIN price needed to bring that production online. The modeled costs assume a more conservative RIN price than current year RINs are trading for.

[2]Obligated parties can not run compliance deficits in two consecutive years.

American Fuel & Petrochemical Manufacturers
For more information, contact Federal@afpm.org and visit www.afpm.org