
This op-ed originally appeared in [Real Clear Energy](#).

The U.S. is home to the most efficient and sustainable refining sector in the world, bolstering American energy security, supporting millions of well-paying jobs, and reliably providing the fuels the world needs to run. U.S. refiners have made major investments to continuously reduce the emissions of products and operations. AFPM members make approximately 10 percent of the ethanol produced in America, and over the last year U.S. refiners announced eight new renewable diesel projects. This focus on sustainability is also why for several years AFPM has advocated for a new higher octane fuel standard called 95 RON, which would significantly reduce carbon emissions in the U.S. transportation sector.

Liquid fuels, both gasoline and biofuels, will continue to play a major role in the transportation energy mix for many decades to come. However, the strength of our essential refining sector and even affordable prices for consumers at the pump are at risk if we can't come together to make badly needed changes to a now unworkable law known as the Renewable Fuel Standard (RFS). This policy needlessly creates enormous compliance costs for U.S. fuel manufacturers that don't benefit biofuel producers, refiners or consumers.

The RFS requires increasing amounts of biofuel to be added to fuel each year, regardless of cost or compatibility with infrastructure. To continue to operate, refiners must demonstrate RFS compliance by turning in credits, known as Renewable Identification Numbers (RINs), to the government. Many refineries spend more acquiring RINs than they do on employee payroll and the electricity needed to run their plants. RFS compliance is frequently the second-largest operating expense for refineries, trailing only the cost of crude oil.

In 2021, these costs have become unsustainable. While many commodities lost value in 2020, battered by the pandemic, RIN prices surged. The price of RINs tied to corn ethanol has increased nearly 1,800% since January 2020. To put that in context, this would be like a gallon of milk going from \$3.50 last January to \$64.00 today.

Although most have never heard of a RIN let alone tracked its price, the impacts are very real. RFS and soaring RIN prices are making gasoline more expensive, adding roughly 23-cents to the price of each gallon of wholesale gasoline. In the 15-year history of the RFS, these prices are without precedent. RINs add up to several billion dollars each year, and our economy is losing good jobs and valuable U.S. refining capacity because of it. Diesel fuel is also more expensive for consumers, to the tune of an extra \$1.4 billion every year, because of RFS-mandated biodiesel blending.

Some groups cheer the surge in RIN prices. They believe the RFS was designed to be "aggressive" and "market forcing," even if fuel and vehicle infrastructure can't handle more ethanol and even if some refineries go out of business. But American energy security, an original aim of the RFS, is not served by shuttering refineries. And there remains no evidence that RIN prices, low or high, change the amount of ethanol blended into gasoline. Octane, not RFS, secures the market for ethanol. Wasting billion on RINs is pain without purpose. Today, almost every gallon of gasoline contains 10 percent ethanol, and would even without the costly RFS.

When the RFS was crafted, no one fathomed a scenario like the one we're in. The ethanol RIN was intended to be a marginal fee. The program also assumed U.S. fuel consumption would continue rising. It hasn't. We're using far less gasoline than originally forecasted, some 30 billion gallons less, while still trying to fit the same volume of biofuels into this smaller pool.

Republicans and Democrats share equal responsibility for the mess RFS has become, but the fate of the program now rests with President Biden. Both he and EPA Administrator Michael Regan have numerous tools to provide relief for fuel manufacturers, refinery workers, and consumers. EPA can respond to petitions filed by a bi-partisan group of six governors citing severe economic harm because of the RFS. The President can ensure that at least the smallest American refineries have the option to seek relief when their annual RIN expenses are too much to bear. And most importantly, the President can limit the size of future RFS mandates to better align them with the realities of today's gasoline market.

Refiners envision a strong, competitive future for all liquid fuels, gasoline and ethanol alike. But penalizing fuel manufacturers with multi-billion-dollar RFS burdens isn't going to help anyone. At the exact moment America is working toward recovery, the severe cost imposed by RFS isn't a price America should be willing to pay. Aligning around more sustainable fuel policy—a vehicle standard for high-octane fuel—would better serve refineries and our workforce, ethanol producers and farmers, and consumers hungry for improved vehicle efficiency at an affordable cost.

Chet Thompson is President and CEO of the American Fuel & Petrochemical Manufacturers (AFPM), the association representing nearly all of America's petroleum refining capacity and a significant share of renewable fuel production and refining.

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