

Pay close attention as we continue diving into Renewable Fuel Standard (RFS) costs, because \$770 per gallon is what the Environmental Protection Agency (EPA) is considering having you pay next year for every extra gallon of corn ethanol that might get blended BECAUSE of the RFS.

Here's what's important to understand, which EPA also subtly acknowledges in its RFS regulatory impact analysis:

- Only a tiny percentage of corn ethanol blending DEPENDS on the RFS every year. Basically, E10 (gasoline blended to contain roughly 10% ethanol) is ubiquitous and will continue to dominate U.S. motor gasoline sales even if the RFS \*poof\* disappeared.
- EPA's latest RFS proposal — the biggest, most expensive in history — will only marginally increase consumption of E15 and E85 (gasoline that is 15% ethanol and up to 85% ethanol, respectively).
- RFS or not, overall ethanol consumption in the United States is going to decline, as will motor gasoline consumption, thanks to leaps in fuel economy.

So, where corn starch ethanol and the RFS are concerned, President Trump and the EPA have two choices:

1. They can make Americans and refiners pay about \$37 billion next year, or \$770 per extra ethanol gallon, to marginally increase E15 and E85 sales; OR
2. They can save us roughly \$37 billion next year — [cutting the total RFS price tag by more than half](#), while only sacrificing 0.34% of corn starch ethanol blending.

As a consumer, what would you like EPA to do?

EPA says it — plain as day — in the regulatory impact analysis: only an additional 48 million gallons of corn ethanol might get blended next year because of the RFS. But total ethanol consumption next year is likely to be around 13.993 BILLION gallons. A 48 million gallon “haircut” is equivalent to 0.34%.

**Table 3.4-7: Source of Ethanol Changes in the Volume Scenarios and Proposed Volumes Relative to the 2025 Baseline (million gallons)**

|   | 2026 | 2027 | 2028 | 2029 | 2030   |
|---|------|------|------|------|--------|
| Changes in ethanol consumption attributable to changes in gasoline demand         | -193 | -373 | -561 | -777 | -1,011 |
| Changes in ethanol consumption attributable to changes in E15 and E85 consumption | 48   | 106  | 143  | 197  | 250    |
| Total   | -145 | -267 | -414 | -580 | -761   |

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The reason why such a huge price tag — \$37 billion — is tied to just 48 million gallons of ethanol is all because of better fuel economy and the “blend wall.” There’s more to say on both:

- **Fuel economy.** Like we said, with fuel economy “going up,” there’s pressure for all liquid fuel consumption to “go down,” which is not a bad thing. What it does mean, though, is that if corn starch ethanol is going to be the exception and “grow,” in spite of fuel economy trends, it’s not going to be through additional sales of E10 gasoline. It’s got to be through an uptick in E15 gasoline and flex fuels like E85.
- **The blend wall.** There are other barriers to growth of E15 and E85 that are entirely independent of the RFS. That brings us to the blend wall, which is the basic truth that because gasoline and ethanol are chemically different, you can only blend as much ethanol as the U.S. motor gasoline pool, the U.S. vehicle fleet and U.S. fuel infrastructure can safely absorb. And while the share of ethanol that can be accommodated certainly can change, it’s ultimately guided by U.S. consumer demand, not mandates.

When special interests try to use the RFS ‘implied conventional mandate’ to push ethanol consumption beyond the blend wall, prices skyrocket. [As we explained previously](#), the lion’s share of RFS regulatory costs today are attributable to the prices of corn ethanol credits that refiners submit to EPA each year. Those credit prices get massively inflated whenever the implied conventional mandate is too big. And the whole problem of inflated corn ethanol credit prices would get solved if President Trump and the EPA just slightly tweaked — without even reducing — the larger RFS blending proposal. It might mean a loss of 0.34% of corn starch ethanol blending, but the total RFS obligation would stay the same and the price would be cut by more than half.

Moral of the story: better fuel economy changed the landscape for liquid fuels and attempting to use the RFS to compel E15 and E85 sales and exempt corn ethanol from that trend isn’t going to work and will cost American consumers and fuel manufacturers \$37 billion or \$770 per gallon. Seems hard to justify how (or why) EPA would ever say no to saving Americans some \$37 billion next year.

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