

EPA Finalizes Historic New Renewable Fuel Standards to Strengthen American Energy Security, Support Rural Economies

<https://www.epa.gov/newsreleases/epa-finalizes-historic-new-renewable-fuel-standards-strengthen-american-energy>

The EPA's finalized Renewable Fuel Standard "Set 2" rule, announced today at the White House, establishes record-high biofuel blending requirements for 2026–2027. This creates a significantly stronger demand outlook for U.S. agriculture, especially corn and soybean oil.

The rule keeps the 15-billion-gallon conventional ethanol mandate in place while requiring biomass-based diesel demand to jump by more than 60%. Additionally, it reallocates 70% of small refinery exemptions, which effectively tightens the overall mandate and should support RIN values.

Looking ahead, the policy also favors domestic feedstocks by giving foreign fuels only half the compliance value starting in 2028. This change will further strengthen demand for U.S. soybean oil and crushing operations.

Bottom line: this represents a materially positive policy shift for the agriculture sector. It should boost farm income potential, support crushing margins, and reinforce the energy-to-agriculture demand connection through 2026–2027.

2026 and 2027 Renewable Fuel Volume Requirements, SRE Reallocation Volumes, and Total Applicable Volumes (billion RINs)

	Proposed Volume Requirement			Finalized Volume Requirement			SRE Reallocation Volume		Total Applicable Volume	
	2025	2026	2027	2025	2026	2027	2026	2027	2026	2027
Cellulosic biofuel	1.19	1.30	1.36	1.21	1.36	1.43	0	0	1.36	1.43
Biomass-based diesel	N/A	7.12	7.50	N/A	8.86	8.95	0.21	0.25	9.07	9.20
Advanced biofuel	N/A	9.02	9.46	N/A	10.82	10.98	0.28	0.34	11.10	11.32
Total renewable fuel	N/A	24.02	24.46	N/A	25.82	25.98	0.99	1.04	26.81	27.02

Some Summary Points from the EPA Statement:

1. Historic Volume Requirements

- Sets the highest renewable fuel volume requirements in RFS program history for 2026-2027
- Requires 60% increase in biodiesel/renewable diesel production compared to 2025 levels

- Maintains 15 billion gallon conventional biofuel (ethanol) level

2. Major Economic Impact for Agriculture

- Expected to generate \$3-4 billion increase in net farm income
- Creates \$31 billion value for American corn and soybean oil (up \$2 billion from 2025)
- Projected to create over 100,000 new agricultural and manufacturing jobs

3. Energy Independence Goals

- Will reduce foreign oil dependence by approximately 300,000 barrels per day over 2026-2027
- Emphasizes domestic biofuel production to strengthen American energy security

4. Policy Realignment

- Removes renewable electricity (EV charging) from RFS program, ending what EPA calls manipulation by previous administrations
- Returns focus to liquid/gaseous fuels as specified in Clean Air Act language

5. Foreign Fuel Penalty

- Starting in 2028, foreign fuels and feedstocks will receive only half the RFS compliance value compared to American-made products
- Gives domestic producers competitive advantage and preparation time

6. Small Refinery Exemption Changes

- Finalizes 70% partial reallocation of 2023-2025 exempted volumes for 2026-2027 compliance
- Aims to balance biofuel demand protection with stable credit market functioning