TAXPAYERS for COMMON SENSE

October 30, 2025

**Re: Comments to the Environmental Protection Agency (EPA) on Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes; Supplemental Notice of Proposed Rulemaking; Docket Number EPA-HQ-OAR-2024-0505 proposed on September 18, 2025**

Dear Administrator Zeldin:

Taxpayers for Common Sense (TCS) appreciates the opportunity to submit comments to the Environmental Protection Agency (EPA) on the proposed rule regarding the "Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes; Supplemental Notice of Proposed Rulemaking," (Docket Number EPA-HQ-OAR-2024-0505) published on September 18, 2025.

**Introduction**

The federal Renewable Fuel Standard (RFS) program requires companies to blend a certain amount of biofuels with U.S. transportation fuel each year. The RFS was established in 2005, greatly expanded in 2007, and continues today despite its failure to benefit consumers, the farm economy, the environment, or taxpayers.

TCS has long been a critic of the RFS and other federal biofuel subsidies due to their increased costs for consumers and taxpayers. TCS previously submitted public comments to EPA on implementation of the RFS.TCS's most recent public comments on the RFS were submitted to EPA on the Agency's proposed 2025 and 2026 Renewable Volume Obligations (RVOs) in August 2025.[1]

In its latest September 2025 rulemaking, EPA proposed to raise government mandates for U.S. biofuel consumption after recent announcements of small fuel refiners being exempt from federal RFS requirements. EPA also proposed a reallocation of a portion of the exempted gallons, meaning large fuel refiners would be forced to make up the difference.[2]

[1] Taxpayers for Common Sense (TCS), "Comments on Renewable Fuel Standard for 2025 and 2026," August 8, 2025, https://www.taxpayer.net/energy-natural-resources/comments-on-renewable-fuel-standard-for-2025-and-2026/.

[2] Environmental Protection Agency (EPA), "Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes; Supplemental

In other words, under EPA's proposal, the biofuels that small refiners are not required to blend with gasoline and diesel will instead have to be blended by large fuel refiners; alternatively, large refiners would have to purchase credits—known as Renewable Identification Numbers (RINs)—from other refiners who blended biofuels with transportation fuel.

EPA's proposal, if finalized, is expected to increase annual mandates for biofuel consumption, which may increase biofuel production and cause more harm to consumers, taxpayers, and the environment. We urge EPA to ensure that the final RVO rule does not mandate additional production or consumption of biofuels—particularly food- and feed-based fuels such as corn ethanol and soy-based biodiesel.

**Re-Allocation Will Increase Taxpayer and Consumer Costs**

Reallocating gallons waived at small refineries would shift compliance requirements and costs to large fuel refiners—costs which are ultimately passed onto taxpayers and consumers. If EPA finalizes higher biofuel blending requirements due to the small refiner waivers, federal RFS mandates will be higher. This will result in more biofuel being blended into the U.S. fuel supply overall, increasing the RFS's market distortions and consequential increases in food[3] and fuel[4] costs, as well as federal spending.

*Food and Fuel Costs*

An increasing share of U.S. corn and soybean oil has been diverted to biofuel uses over the past decade,[5] creating cascading cost increases for livestock producers and consumers. The U.S. Department of Agriculture's (USDA) World Agricultural Supply and Demand Estimates (WASDE) September 2025 report projects that more than half of U.S. soybean oil production[6] and one third of corn production[7] will be used for biofuel production in the 2025-2026 marketing year. EPA's own analysis of its June proposed RVOs assumes that

Notice," page 45007/3, September 18, 2025. https://www.govinfo.gov/content/pkg/FR-2025-09-18/pdf/2025-18111.pdf.

[3] EPA, "Renewable Fuel Standard (RFS) Program - Standards for 2026 and 2027: Draft Regulatory Impact Analysis," EPA-420-D-25-001, Table 9.4-3, page 389, June 2025. https://www.epa.gov/system/files/documents/2025-06/420d25001.pdf.

[4] Congressional Budget Office (CBO), "The Renewable Fuel Standard: Issues for 2014 and Beyond," page 20, June 2014. https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45477-Biofuels2.pdf.

[5] Some biodiesel and renewable diesel are produced from non-food used cooking oil, animal fats rendered from deceased livestock, and corn oil.

[6] USDA estimates the U.S. will produce 30,150 million pounds of soybean oil in 2025/26, 15,500 million pounds of which will be used for biofuels. Source: U.S. Department of Agriculture, "World Agricultural Supply and Demand Estimates," September 2025. https://www.usda.gov/oce/commodity/wasde/wasde0925.pdf.

[7] USDA estimates the U.S. will produce 16,814 million bushels of corn in 2025/26, 5,600 million bushels of which will be used for ethanol. Source: U.S. Department of Agriculture, "World Agricultural Supply and Demand Estimates," September 2025. https://www.usda.gov/oce/commodity/wasde/wasde0925.pdf.

diverting more food and livestock feed to fuel will result in higher food and fuel prices[8,9]—at a time of already high costs for consumers.

Increases in fuel prices would be particularly evident for biomass-based diesel, since biodiesel is more expensive than diesel fuel. EPA has recognized in past rulemakings that biomass-based diesel markets are driven largely by state and federal policy incentives such as tax credits.[10] EPA also recognized its September proposal, if finalized, would likely increase consumer fuel prices.[11]

EPA is required to assess the impact of its rulemakings on consumer food and fuel prices, according to Clean Air Act §211(o)(2)(B)(ii)(V) and (VI).

*Federal Spending*

Increased mandates for biofuels such as corn ethanol, advanced biofuels, and biomass-based diesel will increase taxpayer expenditures in federal subsidy programs.

The Inflation Reduction Act of 2022 (IRA, P.L. 117-169) created a new biofuel tax credit—the Clean Fuel Production Credit—which will, given lax implementation and watered down eligibility criteria enacted in the One Big Beautiful Bill Act of 2025 (OBBBA, P.L. 119-21), likely subsidize production of the same biofuels that are mandated to be consumed under the RFS. These fuels include corn ethanol, biodiesel, and renewable diesel. The Clean Fuel Production Credit will increase in taxpayer cost as federal biofuel mandates increase, as biofuel production subsequently rises to meet the government mandated biofuel consumption. The Clean Fuel Production Credit alone is estimated to cost taxpayers at least $34 billion over the next decade[12]; this cost estimate does not include additional costs that could arise if EPA expands RFS mandates further, such as through the Agency's most recent proposal to reallocate RFS mandates.

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[8] EPA, "Renewable Fuel Standard (RFS) Program - Standards for 2026 and 2027: Draft Regulatory Impact Analysis," page 389, June 2025. https://www.epa.gov/system/files/documents/2025-06/420d25001.pdf.
[9] EPA, "Renewable Fuel Standard (RFS) Program - Standards for 2026 and 2027: Draft Regulatory Impact Analysis," page 472, June 2025. https://www.epa.gov/system/files/documents/2025-06/420d25001.pdf.
[10] EPA, "Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020, page 32044, July 10, 2018. https://www.gpo.gov/fdsys/pkg/FR-2018-07-10/pdf/2018-14448.pdf.
[11] EPA, "Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes; Supplemental Notice," page 45015/1, September 18, 2025. https://www.govinfo.gov/content/pkg/FR-2025-09-18/pdf/2025-18111.pdf.
[12] Joint Committee on Taxation (JCT), "Estimated Revenue Effects Relative to the Present Law Baseline of the Tax Provisions in "Title VII - Finance" of the Substitute Legislation as Passed by the Senate to Provide for Reconciliation of the Fiscal Year 2025 Budget." July 1, 2025. https://www.jct.gov/publications/2025/jcx-35-25/; JCT, "Estimates of Federal Tax Expenditures for Fiscal Years 2024-2028," December 11, 2024. https://www.jct.gov/getattachment/765709fb-9a4b-430a-8f9e-4d342ec97f7e/x-48-24.pdf.

Other federal biofuel subsidies exist as well, and their taxpayer costs may increase with higher RFS mandates.

**Conclusion**

Due to projected negative consequences for both consumers and taxpayers as a result of EPA's proposed rulemaking, EPA should not shift the burden—and costs—of meeting RFS mandates from small refiners to large refiners. Doing so would expand government biofuel mandates and the associated consumer costs of purchasing more expensive fuel, or consumers shouldering the cost of refiners passing RIN costs along in the form of higher gasoline and diesel prices. Reallocating exempted gallons from small refiner waivers may also result in greater biofuel production required to meet expanded RFS biofuel mandates, which may increase taxpayer costs as more mandated gallons receive production tax credits; this would increase the cost of already expensive federal tax breaks.

Allowing no reallocation of waived small refiner gallons would comply with the RFS statute and bring the mandate closer to a level where it is not interfering with markets and driving biofuel production that would not otherwise occur, absent government regulations.

Instead of increasing taxpayer and consumer costs during a time of already high inflation, EPA has an opportunity to reduce costly mandates for the established and highly subsidized U.S. biofuels industry.

Thank you for the opportunity to submit comments and for your consideration. We look forward to continued engagement on these important issues.

Sincerely,

President, Taxpayers for Common Sense