Chart of the Week #2026-16
U.S. National Retail Gasoline Cost Breakdown: Hormuz & RFS Impacts

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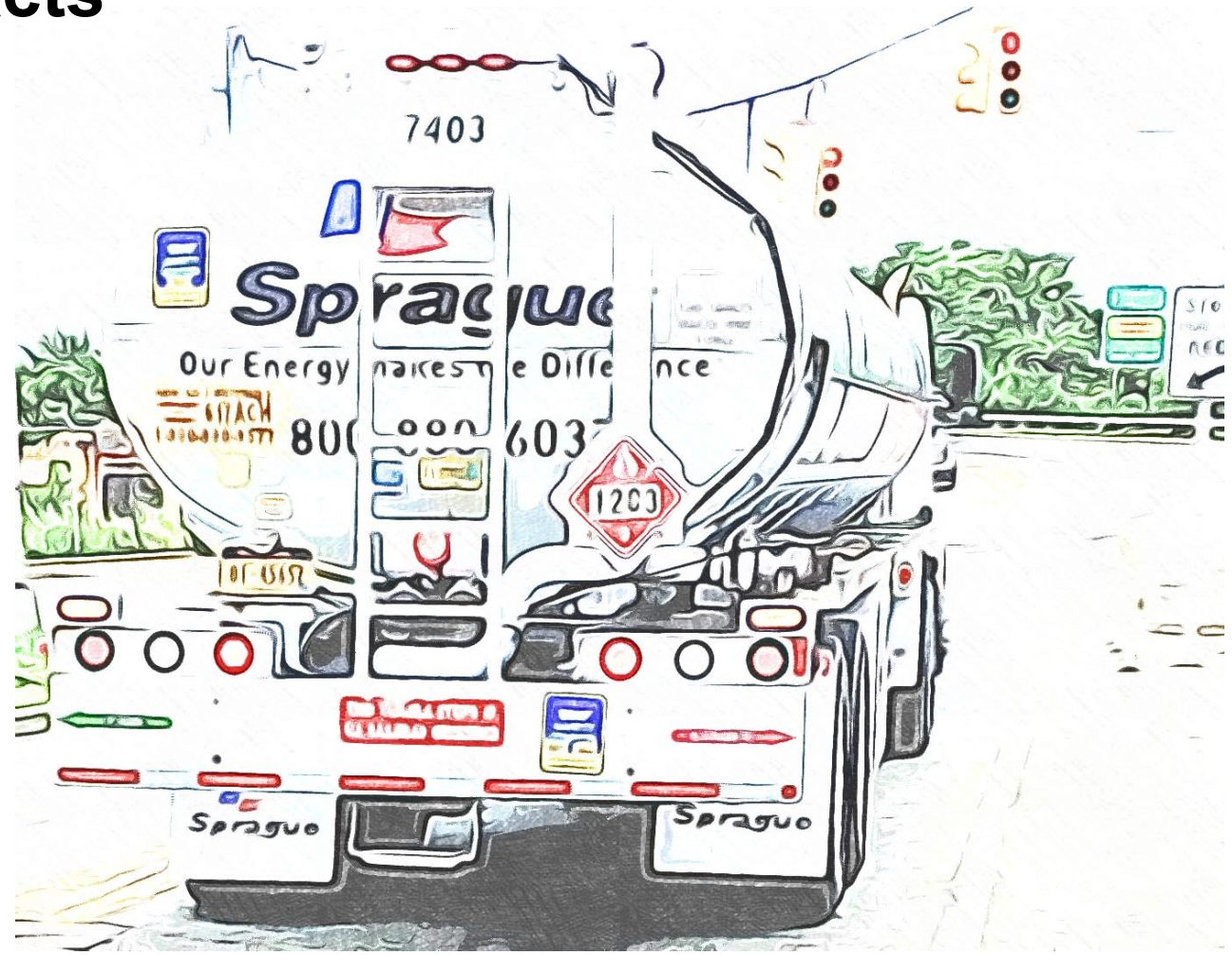

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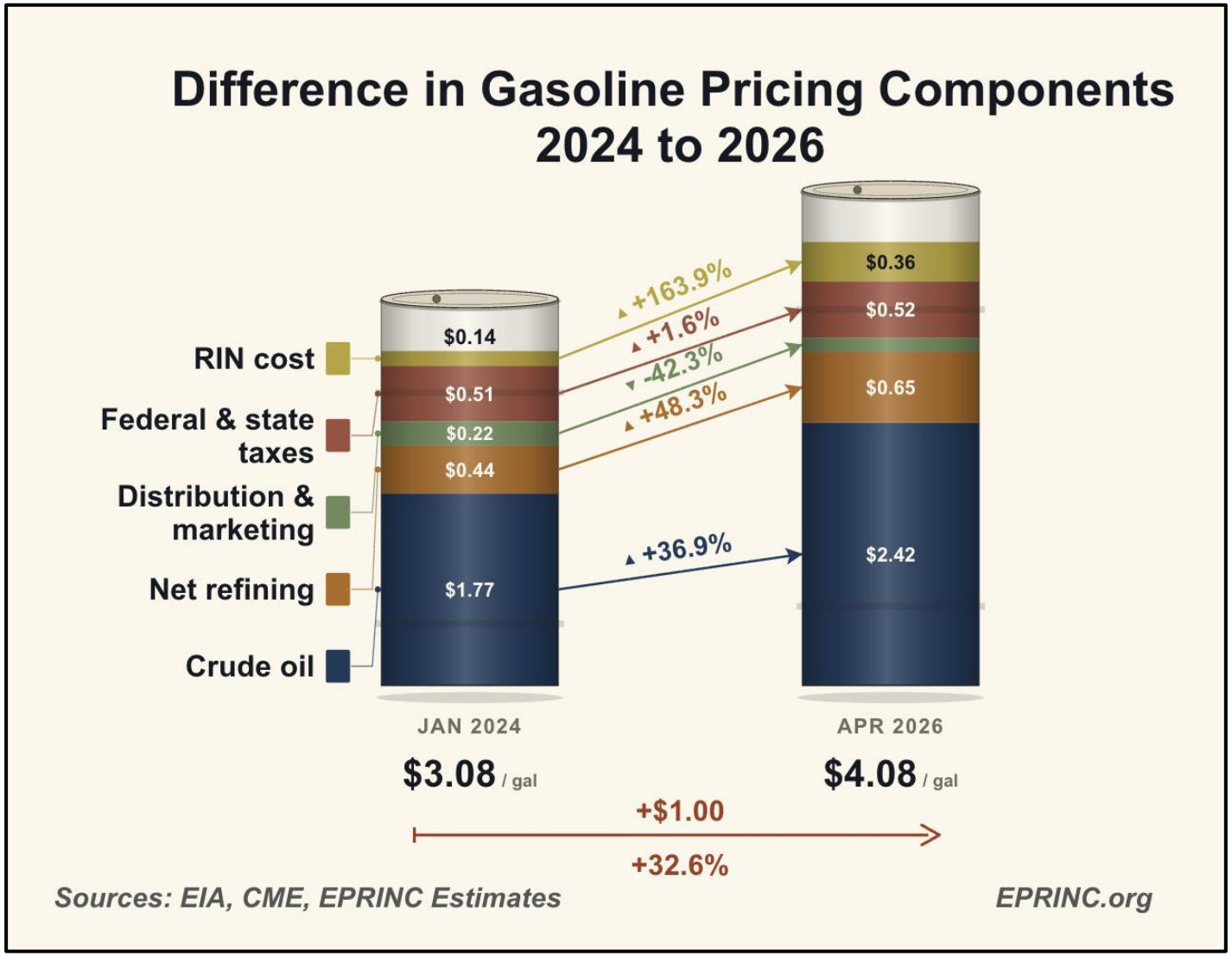

With the Hormuz Strait on the heels of the end of the second month of its closure due to the Israel/U.S. Iran war, crude oil prices have spiked. Policymakers and practitioners have sought a variety of ways to mitigate the cost spikes in transportation fuel prices.

Deconstructing and comparing U.S. Retail Regular Gasoline prices for two periods: January 2024 and April 2026, U.S. domestic crude costs have nominally risen 37%; but RIN costs have risen 164%, according to EPRINC estimates.

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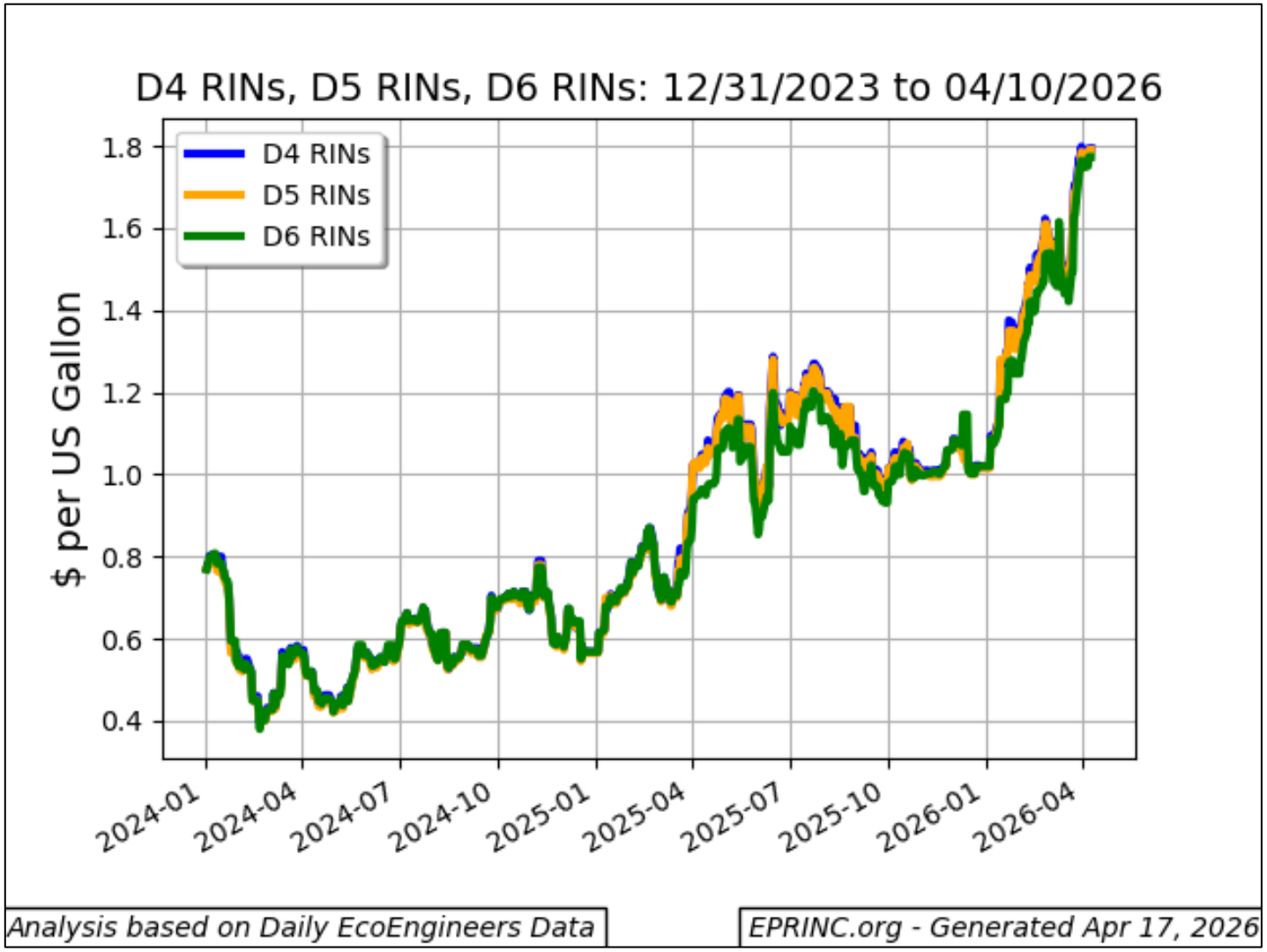

RINs (Renewable fuel Identification Numbers) of the RFS (Renewable Fuel Standard) are the largest compliance burden for U.S. petroleum refiners and key to the profitability of the U.S. biofuel industry. This compliance burden is passed through to consumers through higher fuel prices.

Following considerable debate and comments, EPA released final RVOs (renewable volume obligations) for compliance years of 2026 and 2027. They are particularly aggressive in comparison to past years including a provision for "reallocation." In previous years, small refinery exemptions (SREs) were issued. Challenging the eligibility of these SREs coupled with a loss of mandated volumes, these volumes are being "reallocated" (or restored) to compliance years 2026 and 2027.

Debate focused on the percentage of exempt volumes with advocacy ranging from 0% to 50% from petroleum interests to a 100% from biofuel interests. EPA made the determination to "reallocate" 70%, adding to the already high RVOs. With the late March 2026 news, RIN prices, already high, rose 6% to 9%.

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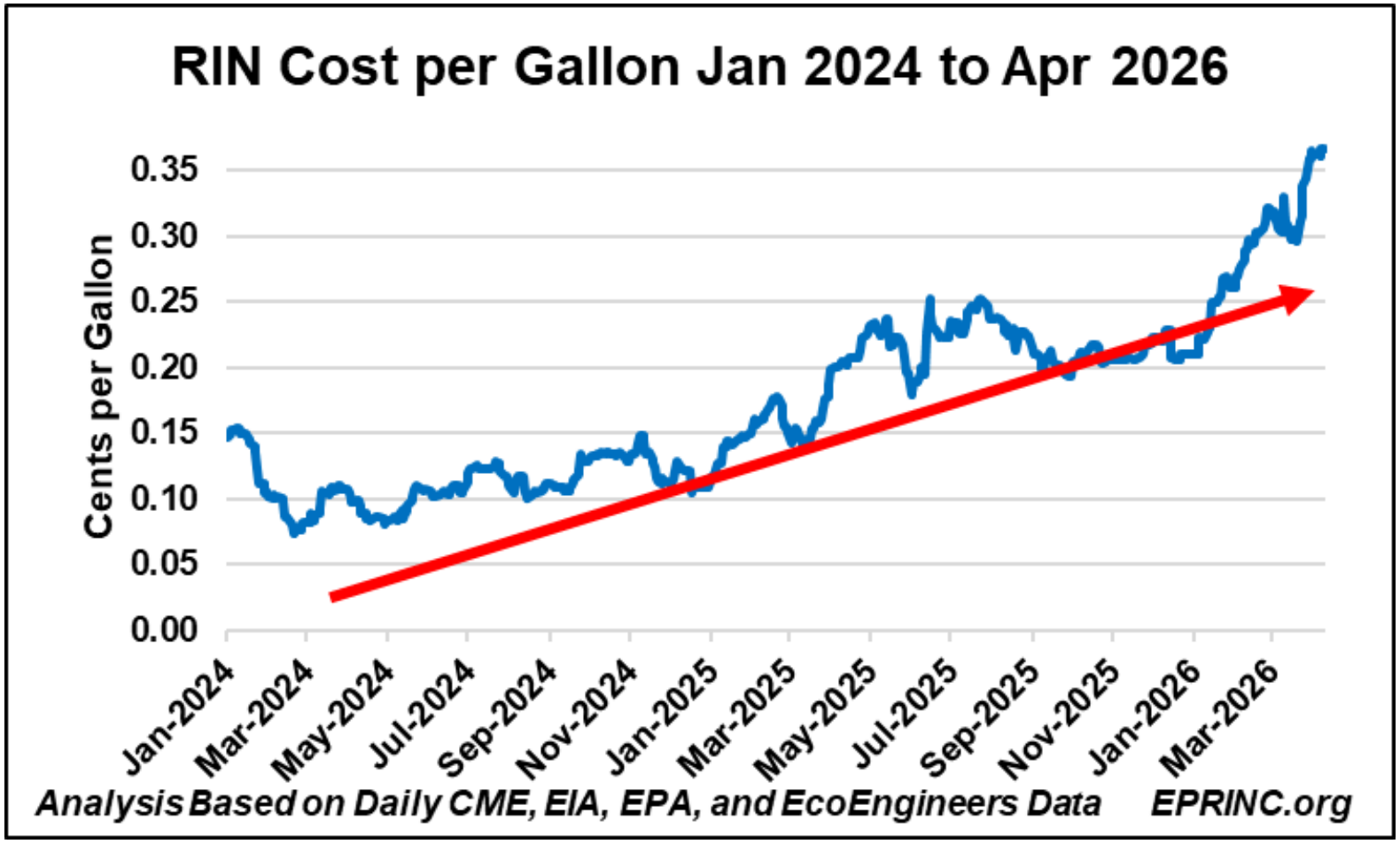

Using a mathematical model adapted from S&P Platts, the adjacent figure reflects EPRINC's ongoing estimates of the RFS's additional cost per gallon of fuel, rising from 15 cents per gallon in January 2024 to 36 cents in April 2026.

At a current estimate of 36 cents per gallon and 140 billion gallons of annual U.S. gasoline consumption, annual total economic cost is projected to be over $50 billion to U.S. consumers.

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- ***RFS Background***: **Under U.S. law, refiners and importers must meet blending mandates to include specific volumes of biofuels in the marketing of transportation fuels. The law is known as the Renewable Fuel Standard (RFS) and is administered by EPA. The key rationale of the RFS is that biofuels generate lower GHG emissions, hence under the primary purview of EPA in consultation with DOE and USDA.**
- **The RFS, enacted in 2005, and then strengthened in 2007, is complicated. Following a period ending in 2022 of statutory requirements determining increasing blending percentages, its administrative authority has become discretionary. Currently, provisional blending percentages for 2026 and 2027 are under debate and review along with provisions of reallocating previously made exemptions as further blending requisites.**
- **Compliance is managed using RINs (Renewable fuel Identification Numbers), a costly credit system that ascertains blending requirements. RIN prices reflect whether blending mandates are aggressive or lax. These costs are then passed on to consumers of gasoline and diesel.**
- **This slide deck is available at: https://eprinc.org/chart-of-the-week/**
- **For more information on this chart, please contact Max Pyziur (maxp@eprinc.org).**