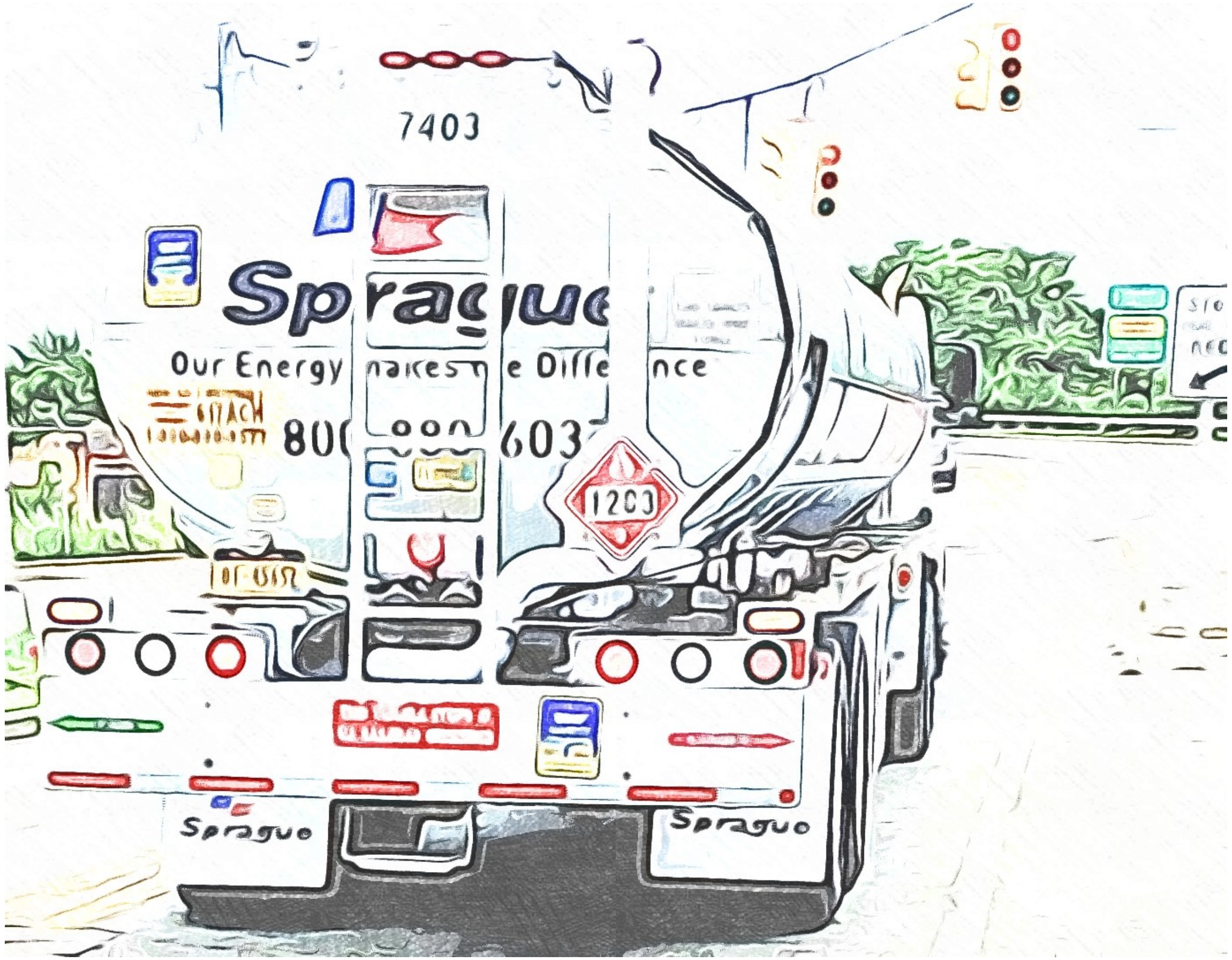
Chart of the Week #2025-39
The Renewable Fuel Standard: Cost to Consumers



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October 22, 2025
Washington DC

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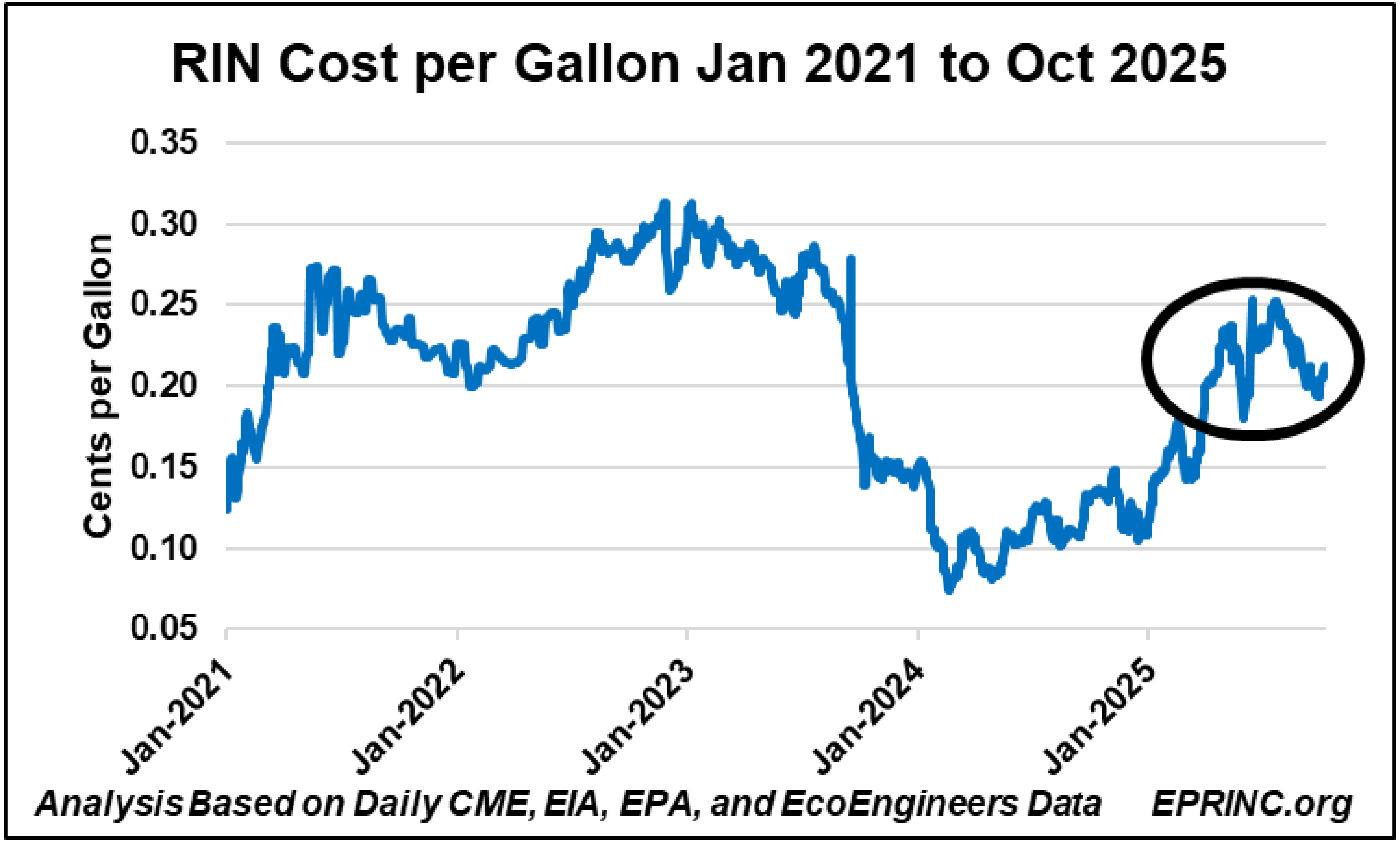
Energy Policy Research Foundation



The Renewable Fuel Standard: Cost to Consumers

- 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 RFS, enacted in 2005, and then strengthened in 2007, is complicated. Following a period ending in 2022 of statutory requirements determining 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.
- Using a mathematical model adapted from S&P Platts, Figure 1 reflects EPRINC's ongoing estimates of the RFS's additional cost per gallon of fuel. At a current estimate of 20 cents per gallon and 196 billion gallons of annual fuel consumption (137 billion gallons of gasoline and 59 billion gallons of diesel), annual total economic cost is projected to be close to $40 billion to U.S. consumers.
- If EPA's final determination of blending mandates and reallocations for 2026 and 2027 are particularly aggressive, these costs are set to rise further.
- 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).