FACT SHEET: RENEWABLE VOLUME OBLIGATIONS

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EPA Biofuel Proposal Supports U.S. Agriculture and Energy Production

In June, the Environmental Protection Agency proposed renewable volume obligations for 2026-2027 under the Renewable Fuel Standard. This marked a historic increase in biomass-based diesel volumes that will significantly benefit the soybean value chain. Soybean oil is the predominant feedstock for biomass-based diesel in the U.S., but farmers have lost market share in recent years due to a surge of imported foreign feedstock for biofuel production. The EPA proposal will increase the production of biofuels and create a preference for domestic feedstocks.

ASA urges Congress to engage with EPA and share support for this RVO proposal.

The Renewable Fuel Standard requires refiners to either blend biofuels or purchase credits from those that do. The renewable volume obligations set the minimum blending levels. For the past three years, the biofuel industry has struggled due to RVOs that were set significantly lower than actual production. Under the new EPA proposal, biomass-based diesel would receive a 67% increase over 2025 volumes—a massive boon for the industry.

In the proposal, EPA noted that the increased volumes in biomass-based diesel are meant to reflect significant growth in fuel production, which has far outpaced current RVOs. The proposal also assumes projected growth in domestic feedstock supply, primarily in soybean oil due to continued export market uncertainty.

The EPA backs U.S. farmers and energy producers in the RVO proposal.

In the RVO proposal, the EPA announced they plan to reduce the generation of Renewable Identification Number credits to 50% for all foreign fuels and fuels made from imported feedstocks. In its justification, EPA noted significant expansion in crush capacity, soybean availability, and increases in domestic fats, oils, and greases (FOG).

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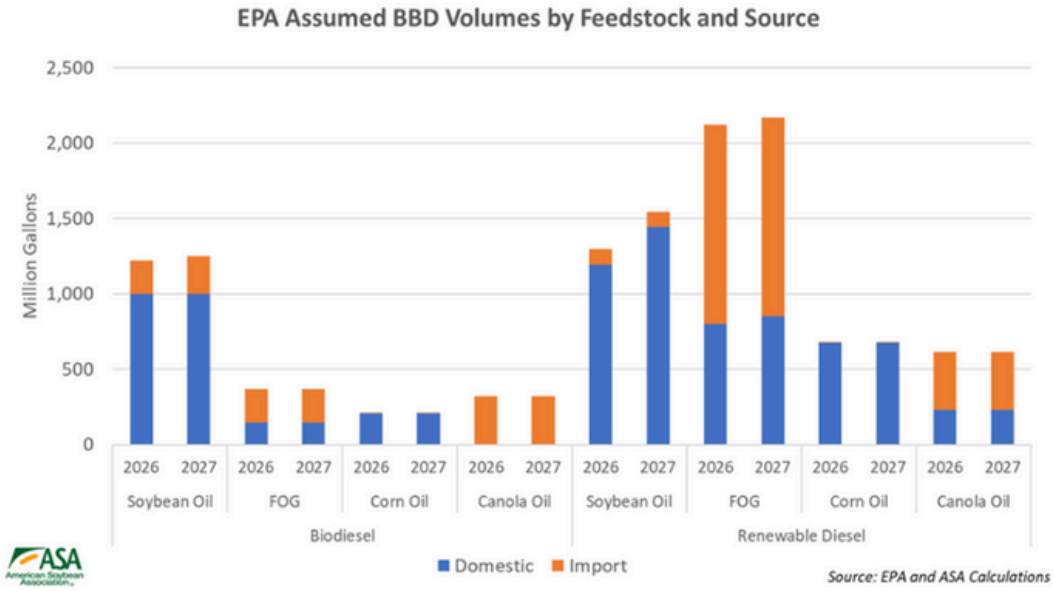

In the past few years, a flood of imported waste feedstocks has threatened to cause significant displacement of soybean oil for biofuel production, mostly due to Low Carbon Fuel Standard programs that incentivize waste feedstocks, regardless of origin, over domestic agricultural feedstocks. In 2024, the U.S. imported 7.3 billion gallons of inedible tallow and used cooking oil for biofuel production, some of which is under scrutiny for being fraudulent. This is the equivalent of 600 million bushels of soybeans, or more than the entire harvest of every state besides Illinois.

EPA has an obligation under the RFS statute to ensure that renewable fuels meet certain requirements, including their sources for renewable biomass. At the same time, the EPA does not have sufficient resources to investigate or enforce these standards on a shipment- or importer-level basis. EPA has proposed holistically addressing concerns of fraud and bad actors gaming the system by discounting credit generation for foreign fuels and feedstocks.

ASA applauds this proposal and urges members of Congress to share their support with EPA and the Administration.