June 10, 2025

The Honorable Lee Zeldin
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Zeldin,

As EPA works to Unleash American Energy, we urge the agency to ensure the continued longevity of small and independent refineries—vital engines for rural jobs and economies—by setting reasonable Renewable Volume Obligations (RVOs) for 2026 and beyond in the upcoming "Set 2" rule. A reasonable Set 2 rule is one that balances environmental goals with market realities by holding RVOs steady to support renewable fuel growth without destabilizing U.S. refining capacity or burdening consumers with higher costs.

We collectively produce approximately 2.4 million barrels a day of transportation and home heating fuels, providing critical energy to millions of Americans. As the President understands and intends to right with his National Energy Emergency Declaration, American refineries, especially small and independent refiners, have been under substantial stress. In fact, the U.S. has lost over 1.4 million barrels per day of collective refining capacity since 2019.

Renewable Fuel Standard (RFS) compliance costs are among the largest burdens faced by small and independent refiners. These costs are mounting, as RFS compliance credit (RIN) prices have increased 75% since January 2025;[1] without increasing biofuel production or the percentage of ethanol blended into gasoline. For refiners, hiking RVOs solely benefits large, integrated oil companies that own biofuel companies or control the majority of RINs generated through their marketing or retail arms. Failure to set volumes that keep RIN prices in check will not result in more biofuel consumption, but will instead put significant stress on gasoline and diesel supplies and put thousands of family-sustaining refining sector jobs at risk. Analysis[2] also indicates that unachievable requirements under the RVO will result in higher consumer fuel costs, impacting key industries across our economy. With both refiners and retailers sounding alarms, it is clear the status quo under the broken RFS cannot be allowed to continue.

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[1] Argus data

[2] Energy Policy Research Foundation (EPRINC). The Renewable Fuel Standard (RFS) and Transportation Fuels Prices - Revisited. April 23, 2025: https://eprinc.org/wp-content/uploads/2025/04/EPRINC-Chart2025-16-RFSAndTransportationFuelPrices.pdf

Given the problems with the RFS program, we request that EPA set RVO requirements that would minimize harm to U.S. fuel consumers and small and independent refiners by setting limits that reflect current market demand for renewables. Accordingly, we request EPA take the following actions in the upcoming Set 2 proposal:

- Set ethanol volume requirements at 14.2 billion gallons, the highest level likely to be consumed given current engine and infrastructure limits according to the U.S. Energy Information Administration instead of an unachievable and arbitrary 15 billion gallon requirement to appease segments of the ethanol lobby. This will help decouple ethanol RIN (D6) and advanced/biomass-based diesel biofuel RIN (D5 and 4 respectively) costs.

- Set the biomass-based diesel RVO no higher than actual domestic production from 2024. This would incentivize more efficient "advanced biofuels" that meet the goals of the statute, without setting unachievable volumes that would spike RIN costs and cripple small and independent refineries.

- Set cellulosic biofuel volumes at 75% of projected production to avoid the administrative inefficiencies currently underway to reset the 2024 cellulosic volumes after initial volumes were too ambitious.

- Allow the rebuilding of the RIN bank for all categories of fuels to ensure meaningful market liquidity.

Implementation of these recommendations is necessary to achieve the President's goals of lowering consumer energy prices, protecting U.S. refining and saving domestic manufacturing jobs. Thank you for considering our requests.

Sincerely,

Brian J. Zolkos
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