



EPA Data Proves the RFS Has Become a Foreign Fuel Mandate

Any Increase in the RFS – Through More Volumes, Fewer Small Refiner Exemptions, or Any other Means – Would Only Result in More Foreign Fuel Imports

As assessment of U.S. Environmental Protection Agency (EPA) Moderated Transaction System (EMTS) data proves that the Renewable Fuel Standard (RFS) has become a massive foreign biofuel mandate. Despite continued growth in the overall ethanol blend rate, significant percentage growth in E15 and E85 use last year, and increased domestic bio- and renewable diesel production and consumption, the RFS has ended up mandating an average of one billion gallons of imported biofuel per year for each of the last three years.

Even with the E15 summertime Reid Vapor Pressure (RVP) waiver, flat to declining domestic gasoline demand coupled with significant vehicle and infrastructure constraints will inhibit ethanol consumption from being sufficient to meet the RFS requirements in 2019. As a result, any real or *de facto* increase in the RFS, via fewer small refiner exemptions (SREs) or higher requirements on obligated parties, will only result in an even larger foreign biofuel mandate.

Much has been written about the fact that, despite falling RFS Renewable Identification Number (RIN) prices and SREs, there has been no impact on biofuel demand. But in fact, U.S. Energy Information Administration (EIA) data shows that the blend rate – or percentage of ethanol blended into the fuel supply – is up this year compared to last.

Ethanol Blend Rate Through June (Most Recent EIA Monthly data)	
2018	10.00%
2019	10.20%

EIA data also shows increased biodiesel production and consumption:

Table 2. U.S. Biodiesel production, sales, and stocks

million gallons

Period	B100 production	Sales of B100	Sales of B100 included in biodiesel blends	Ending stocks of B100	B100 stock change
2019					
January	144	47	71	68	24
February	131	48	77	73	5
March	141	57	90	66	(7)
April	152	66	90	62	(4)
May	155	72	89	54	(8)
June	142	65	81	50	(4)
6 Month Total	864	356	499	--	6
2018 6 Month Total	855	351	499	--	4
2017 6 Month Total	706	303	381	--	21

-- = Not applicable

Source: U.S. EIA Monthly Biodiesel Production Report



Finally, sales of mid-level ethanol blends like E15 have also been growing significantly on a percentage basis. While few states report E15 sales, EIA noted earlier this year that the ones that do are experiencing robust growth:

EIA does not collect E15 sales data, and state-level information is limited. The Minnesota Commerce Department reported 59.4 million gallons of E15 sales in the state in 2018, nearly triple 2017 levels. According to an Iowa Department of Revenue report, state E15 sales were about 35.5 million gallons of E15 in 2018, almost a 30% increase over the previous year.¹

The trend continues this year. Minnesota has the highest concentration of stations selling E15 in the U.S. The state’s biofuels association notes:

On an annualized basis, E15 sales in Minnesota would hit 73 million gallons this year, well above the 59.4 million gallons achieved in 2018.²

E15 sales in Minnesota in July was the second highest monthly volume ever recorded in the state, according to data from the Minnesota Department of Commerce.³

Yet despite this growing biofuel consumption, EPA EMTS data proves that the RFS still mandates excessively more than can be produced and consumed in the domestic market. As a result, the RFS ends up requiring an average of 1 billion gallons of foreign biofuel per year for each of the last three years to meet the RFS requirements—or 5.24% of the mandate over the last three years. Policymakers should keep this fact in mind as they consider pushing the mandate to even higher levels in the coming years.

TOTAL RINs

	2016	2017	2018
Mandate	18,110	19,280	19,290
Net Supply	18,473	18,277	18,552
Domestic Generation	17,683	17,739	18,554
Exports	646	608	698
Net Domestic RIN Supply (Domestic Generation minus Exports)	17,037	17,131	17,856
RIN Gap / De Facto Foreign Biodiesel Mandate	1,073	2,149	1,434
Gallons if BBD / RD ⁴	692	1,386	925

¹ <https://www.eia.gov/todayinenergy/detail.php?id=40095>

² <https://www.mnbiofuels.org/media-mba/blog/item/2635-6-3m-gallons-of-e15-sold-in-june>

³ <https://www.mnbiofuels.org/media-mba/blog/item/2654-6-82-million-gallons-of-e15-sold-in-july>

⁴ Note that the average weight of a bio and renewable diesel RIN is 1.55 RINs per gallon. As a result, “Gallons if BBD/RD” divides RINs by 1.55 to determine the volume of fuel needed (as opposed to the RINs).



**All data in billions of RINs. Source: EMTS Data. Note all data includes EMTS data adjustments.*

CONVENTIONAL

	2016	2017	2018
Mandate	14,500	15,000	15,000
Net Supply	14,499	14,406	14,494
Domestic Generation	14,685	14,741	14,932
Exports	443	351	451
Net Domestic RIN Supply (Domestic Generation minus Exports)	14,242	14,390	14,481
RIN Gap / De Facto Foreign Biodiesel Mandate	258	610	519

**All data in billions of RINs.*

Source: EMTS Data. Note all data includes EMTS data adjustments.

ADVANCED

	2016	2017	2018
Mandate	3,610	4,280	4,290
Net Supply	3,974	3,871	4,058
Domestic Generation	2,998	2,997	3,622
Exports	203	257	247
Net Domestic RIN Supply (Domestic Generation minus Exports)	2,795	2,740	3,375
RIN Gap / De Facto Foreign Biodiesel Mandate	815	1,540	915

**All data in billions of RINs.*

Source: EMTS Data. Note all data includes EMTS data adjustments.