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US EPA proposes higher biofuel blending volumes through 2027

By **Stephanie Kelly**

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The headquarters of the United States Environmental Protection Agency (EPA) in Washington, D.C., U.S., February 18, 2025.
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Summary Companies

Proposal signals support for biofuels industry from Trump
It raises total blending volumes by around 2 billion gallons

Proposal includes a boost to biomass-based diesel mandates

NEW YORK, June 12 - President Donald Trump's administration on Friday proposed to increase the amount of biofuels that oil refiners must blend into the nation's fuel mix over the next two years, driven by a surge in biomass-based diesel mandates.

After months of lobbying on the issue, the biofuels industry welcomed the move, which also included measures to discourage biofuel imports.

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The U.S. Environmental Protection Agency proposed total biofuel blending volumes at 24.02 billion gallons in 2026 and 24.46 billion gallons in 2027, up from 22.33 billion gallons in 2025.

Under the Renewable Fuel Standard, refiners are required to blend large volumes of biofuels into the U.S. fuel supply or purchase credits, called RINs, from those that do. Small refiners can apply for an exemption to the requirements if they can prove the obligations would cause undue harm.

The proposal is driven in part by an increase in biomass-based diesel requirements. EPA set a quota of 7.12 billion biomass-based diesel RINs for 2026 - a measurement of the number of tradable credits generated by blending the fuel.

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It said it projected that mandate would lead to the blending of 5.61 billion gallons. The EPA expressed the biomass-based diesel requirement in billion RINs in accordance with the agency's proposal to reduce the number of RINs that could be generated from imported biofuels.

After accounting for the reduction for imported biofuels, the EPA said it projected the number of RINs generated for biomass-based diesel would be 1.27 per gallon in 2026 and 1.28 RINs per gallon in 2027. Previously, the EPA projected the average gallon of biomass-based diesel generated 1.6 RINs.

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The volume mandate for 2025 for biomass-based diesel was 3.35 billion gallons, a figure the industry had complained was too low.

Renewable fuel (D6) credits for 2025 traded as high as \$1.06 each on Friday, up from 88 cents the previous session, traders said.

Biomass-based (D4) credits traded as much as \$1.17 each, versus between \$1.05 and \$1.01 the previous session, traders said.

The oil and biofuel industries, both powerful lobbies in Washington, have highly anticipated the release of the proposal, which, if finalized, determines the fate of billions of dollars in fuel and tradable credit transactions.

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As one of the first decisions made by the current Trump administration regarding federal biofuel policy, the proposal signaled the administration's support for the biofuels industry, which has at times been at odds with oil companies.

A coalition of oil and biofuel groups banded together in a historically unusual move this year to request biomass diesel blending for 2026 at 5.25 billion gallons, compared with 3.35 billion gallons in 2025.

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The coalition, led by the American Petroleum Institute, argued that the EPA's previous mandates failed to support the growth of the advanced biofuel industry and undercut the market.

In the proposal, the EPA said it was still determining how to decide on outstanding petitions from small refiners for exemptions to the rules.

The EPA estimated a potential range of exempted volumes for 2026 and 2027 from zero gallons, if the EPA denied petitions for all qualifying refineries, to 18 billion gallons, if it granted all petitions.

The Fueling American Jobs Coalition, which represents oil refiners, said the EPA's proposed requirements were inconsistent with real-world market demand and infrastructure capacity, and

threatened to push up regulatory costs and shut oil refineries.

The biofuel industry broadly cheered the proposal.

"USDA and EPA have never been more aligned on the need for more American-grown biofuels," said U.S. Secretary of Agriculture Brooke L. Rollins.

"The volumes proposed today provide crucial growth opportunities for U.S. ethanol producers and farmers," said Renewable Fuels Association President Geoff Cooper.

Proposed Volume Requirements (billion RINs)	2026	2027
Cellulosic biofuel	1.30	1.36
Biomass-based diesel	7.12	7.50
Advanced biofuel	9.02	9.46
Renewable fuel	24.02	24.46

Reporting by Stephanie Kelly in New York; editing by Philippa Fletcher, David Gregorio and Diane Craft

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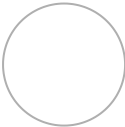
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Stephanie Kelly

Thomson Reuters

A New-York-based correspondent covering the U.S. crude market and member of the energy team since 2018 covering the oil and fuel markets as well as federal policy around renewable fuels.







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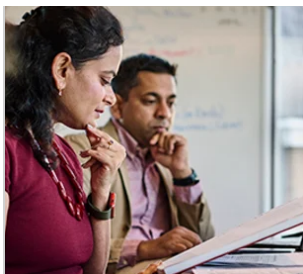
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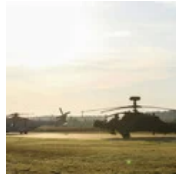


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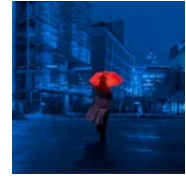
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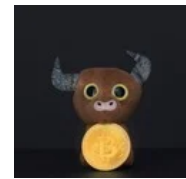
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