



The Daily Dish

Meet the New RFS

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Eakinomics: Meet the New RFS

Alas, the [new Renewable Fuels Standard \(RFS\)](#) obligations announced by the Trump Administration is just the same as the old RFS — a mandate without a mission imposing costs to no particular benefit. The best thing would be for Congress to repeal the RFS, or at least for the Environmental Protection Agency's (EPA) administrator to use the reset provision to lessen the RFS's costs to consumers.

Recall that the RFS was created in the 2005 Energy Policy Act and expanded in the Energy Independence and Security Act of 2007. The basic idea was to require that ethanol and other biofuels be blended with gasoline to reduce oil imports (especially from those countries suspected of funding terrorism). That rationale has disappeared into thin air with rising [U.S. oil production](#). American Action Forum [research](#) earlier this year calculated that the RFS could at best supplant 652,000 barrels of oil per day, but domestic oil production has increased recently by more than 5 million barrels per day. In short, the RFS pales in comparison to domestic production for reducing oil imports. Moreover, the RFS does not discriminate between replacing domestically produced oil and imported oil, meaning it almost certainly does not replace as much imported oil as is hoped. The RFS makes no sense as an energy security policy. Strike one.

Later the RFS was expanded to have an environmental focus, with an aim of reducing greenhouse gas (GHG) emissions from vehicles, since ethanol produced from plant matter has lower net GHG emissions than fossil fuels. But as an environmental policy it is a bit shaky. Researchers have [questioned whether ethanol is at all cleaner](#) than petroleum fuels. Including the lifecycle air pollution for producing corn-based ethanol (accounting for fertilizer, transportation, and energy inputs) shows it to be even worse than petroleum fuels. Strike two.

Finally, the RFS was supposed to spawn innovation, especially in the form of cellulosic ethanol and other advanced renewables, by using a government mandate to induce demand. In practice, the RFS obligations are mostly satisfied via conventional ethanol from corn rather than the envisioned cleaner fuels of the future. Strike three.

Despite these failures, the EPA announced that this year refiners would be obligated to blend in another 19.92 billion gallons of renewables (largely ethanol). This is easily explained. Consumers — a large, diffused, and disorganized population — each bear a small part of the excess costs of complying with the RFS. Corn growers and ethanol producers — a relatively small and tight-knit group — reap all the benefits. The policy's endurance might be understandable, but the RFS becomes less defensible every year.