Press Release

Even with New Reforms, the Renewable Fuel Standard is a Costly Policy

ALLISON EDWARDS | JUNE 3, 2019

The Trump Administration has proposed a reform to the Renewable Fuel Standard (RFS) — a policy designed to offset oil imports with domestically produced biofuels — to allow for year-round sales of 15 percent ethanol-blend fuel (E15). This reform will aid farmers by boosting demand for corn-based ethanol, but it will likely increase air pollution from smog in the summer, writes AAF's Director of Energy Policy Philip Rossetti. He explains how the RFS fundamentally fails in its environmental and national security mandates.

An excerpt:

> The latest changes to the RFS represent a mixture of good — reducing speculative activity in [biofuel] markets — and bad — allowing the RFS to worsen air quality to aid political constituents. Ultimately, however, the proposed changes highlight how the RFS continues to fail in its environmental and national security policy objectives, while imposing high costs on consumers. The appropriate policy response is to end the RFS altogether. Instead, the policy continues to be put on life support, with the bill being paid for by Americans at the pump.

The bottom line: This ill-conceived policy only helps a narrow constituency — one that is hurt by tariffs — at the expense of everyone else. Artificially inflating demand for corn is not sound environmental or national-security policy.

Read the insight.