

E15 Sales Surged This Summer but Remain Threatened by Obsolete Restrictions

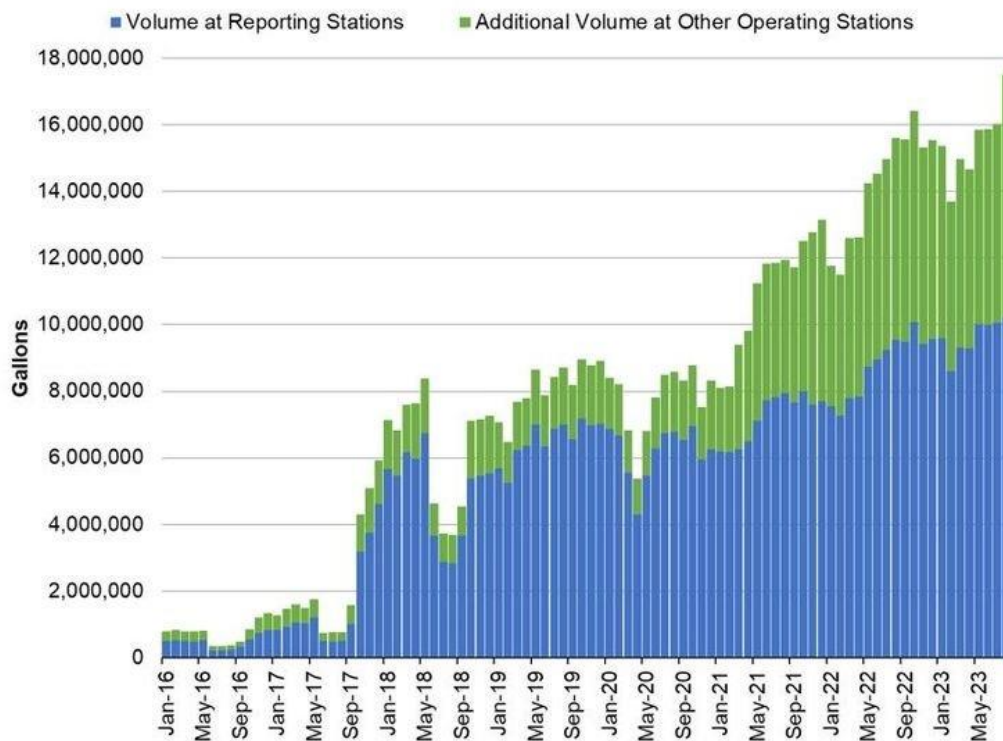
October 12, 2023

By Scott Richman, Chief Economist

Sales of E15, a gasoline blend containing 15 percent ethanol, surged this summer (June-August) compared to the same period in 2022, according to a new Renewable Fuels Association analysis. RFA examined [data](#) from the Minnesota Department of Commerce, which is the only monthly data set available that includes E15 volumes and prices. Sales of E15 in the state were up 10 percent compared to the summer of 2022, hitting a monthly record in August, as gasoline prices escalated (Figure 1).

Summertime sales of E15 had been at risk in much of the country, due to outdated restrictions that apply in conventional gasoline areas from June 1 to September 15. But under the leadership of Administrator Michael Regan, EPA implemented a series of emergency waivers that allowed consumers to continue to purchase the fuel throughout the summer. As Regan noted when [announcing](#) the policy, “The Biden-Harris Administration is committed to...ensuring consumers have more choices at the pump. Allowing E15 sales during the summer driving season will not only help increase fuel supply, but...strengthen U.S. energy security, and provide relief to drivers across the country.”

Figure 1: Minnesota E15 Monthly Sales Volume

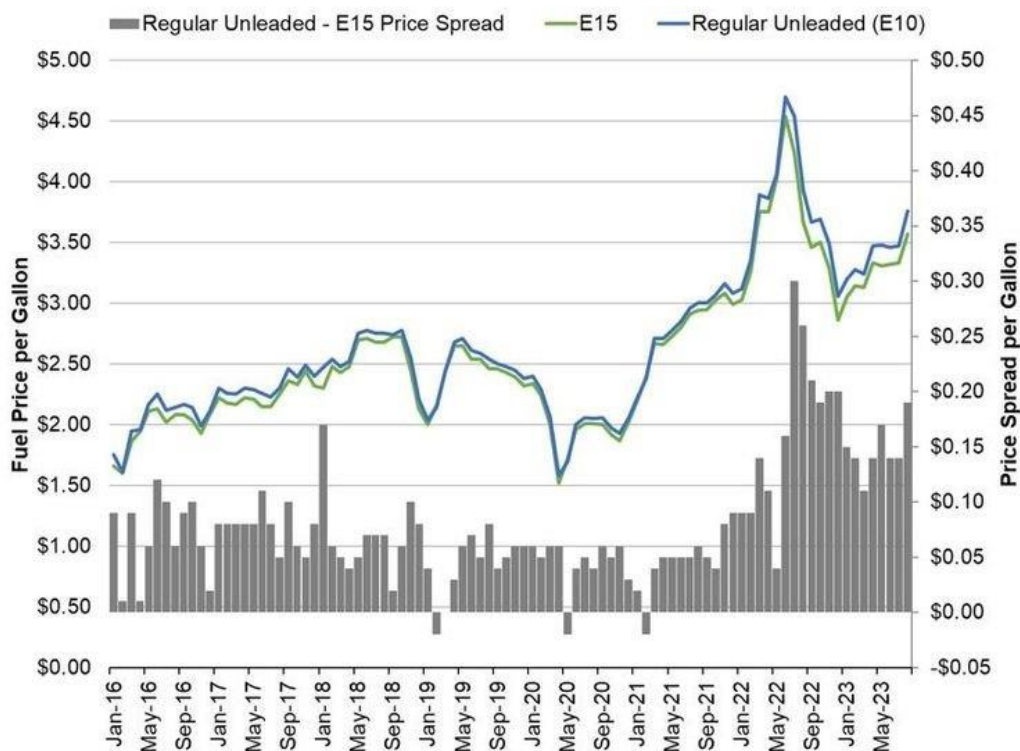


Source: Minnesota Dept. of Commerce, RFA analysis

Note: Stations that reported their volumes to the DOC sold 30.3 million gallons of E15 from June to August, accounting for 99% of sales of midlevel blends (E15-E50). DOC estimated that total sales of midlevel blends, including those by stations that did not submit reports, were 49.9 mg. Monthly E15 sales were estimated by multiplying E15's share of reported midlevel blend volume by the DOC's estimate of total midlevel blend sales.

The increase in sales was also facilitated by a combination of ethanol's cost-competitiveness relative to petroleum-based gasoline blendstock, the incentive provided by credits used to demonstrate compliance with the federal Renewable Fuel Standard (referred to as Renewable Identification Numbers, or RINs), and the continued expansion of the number of retail stations offering E15. E15 was priced at an average discount of \$0.16/gallon in Minnesota this summer (Figure 2). Retailer interest in offering E15 has been motivated by positive consumer response as well as favorable economics, including equipment cost sharing available through the Higher Blends Infrastructure Incentive Program administered by the USDA.

Figure 2: Minnesota E15 and 87-Octane Regular Unleaded Gasoline Prices



Source: Minnesota Dept. of Commerce

However, while unrestricted sales of E15 have been allowed since 2019, this progress is at risk unless the government takes action to allow sales of the blend again next summer. That’s because a 2021 D.C. Circuit Court ruling in favor of oil refiners overturned a 2019 rule allowing E15 to be sold year-round.

In April 2022, eight Midwest governors notified EPA of their intent to opt out of the 1-pound vapor pressure waiver that is provided to E10, thereby creating a level playing field for E10 and E15. Governors of two other states subsequently issued similar requests. Yet, despite a statutory requirement for EPA to issue regulations implementing the petitions within 90 days of receipt, the agency did not respond with a proposed rule until March 2023, in which it granted the governors’ request but delayed implementation until summer 2024. Although the comment period on the proposal ended April 30, the agency inexplicably still has not issued a final rule. With the switch to summer 2024 gasoline specifications less than seven months away, EPA needs to publish the final

rule approving the governors' petition as soon as possible, so that supply chain participants can plan and coordinate adequately.

Still, the optimal solution for supply chain participants, consumers, and the environment is for Congress to enact legislation allowing permanent year-round sales of E15 nationwide. Nearly a year ago, a broad coalition of energy and agriculture organizations [called on Congress](#) to adopt such legislation. The restriction on E15 is an anachronism from a time when the usage of renewable fuels was not commonplace, and action is needed to ensure uninterrupted sales of this less-expensive, cleaner, lower-carbon fuel.