

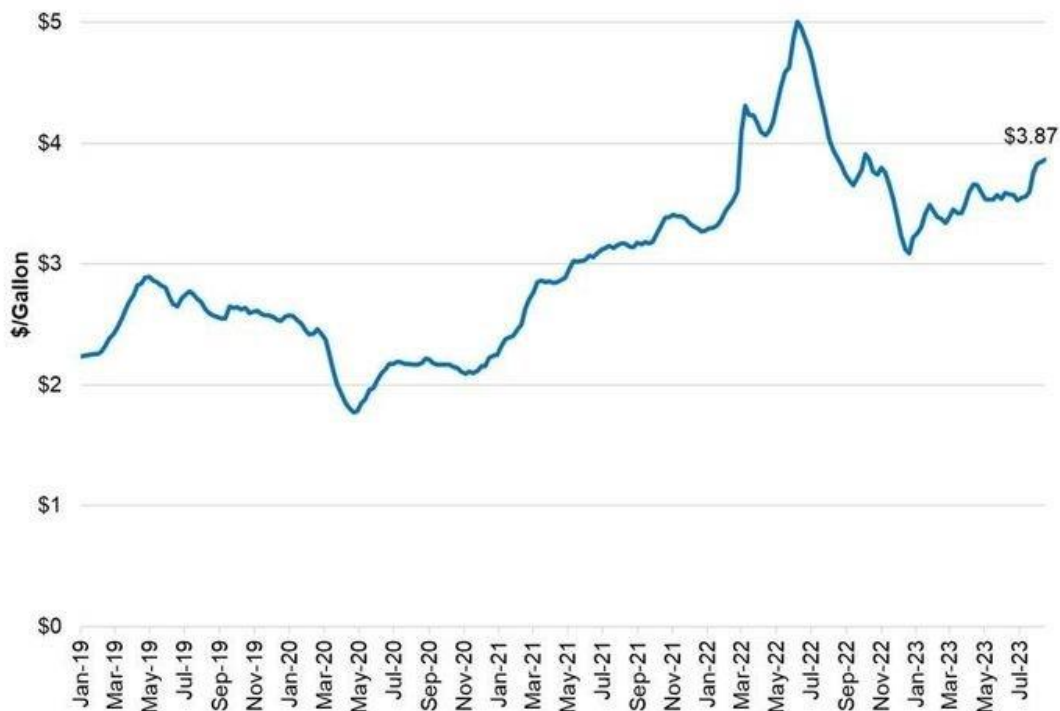
Ethanol Is Turning Down the Heat on Labor Day Gasoline Prices: Holiday Travelers Expected to Save \$155 Million Thanks to Ethanol

August 29, 2023

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As temperatures have heated up this summer, so have gasoline prices. Regular unleaded gasoline rose to \$3.87 per gallon during the week ending August 21—the highest price in nearly a year and well above the long-term average (Figure 1). However, the good news is that ethanol is keeping gasoline prices in check, saving American families money as they hit the road for Labor Day.

Figure 1: Average U.S. Retail Price of Regular Unleaded Gasoline



Almost all finished motor gasoline sold in the U.S. contains 10% ethanol, a blend referred to as E10. In June and July, E10 cost \$0.40 less per gallon at wholesale than regular unleaded gasoline without ethanol.[1] Assuming a similar discount in August, which is conservative since ethanol prices have declined while gasoline prices have risen, the presence of ethanol will have directly reduced Americans' spending on gasoline by \$14 billion this summer, equivalent to \$108 per household, according to an analysis by the Renewable Fuels Association. For Labor Day weekend alone, ethanol is expected to save travelers \$155 million on gasoline purchases.[2]

The savings are even greater for E15, a 15% ethanol blend that is approved for more than 95% of the cars and trucks on the road today. In order to “provide Americans with relief at the pump,” the Biden administration has [issued](#) a series of waivers allowing E15 to be sold in conventional gasoline areas this summer. As [noted](#) by the U.S. Energy Information Administration, similar E15 waivers last summer helped keep a lid on pump prices. Given the compelling economics, RFA [estimated](#) that U.S. sales of E15 surged 26% to a record 1.02 billion gallons in 2022.

E15 has continued to be attractively priced this year. In June and July 2023, the cost of E15 was \$0.48 less per gallon at wholesale than regular unleaded gasoline without ethanol.[1] If Americans had fueled up on E15 this summer, they would have reduced gasoline purchase costs by an additional \$1.4 billion over the savings from E10, assuming the per-gallon discount remained the same in August.

It is worth noting that this further discount of \$0.08 per gallon versus E10 might understate the savings due to E15. According to another source that focuses on E15 retail prices, [E15prices.com](#), the national average price of E15 has been \$0.22 per gallon less than E10 from June through August.

Moreover, the estimates provided above reflect only the direct savings associated with ethanol. A [study](#) conducted earlier this year by energy economists from the University of California-Berkeley and leading universities in Brazil and the Czech Republic demonstrated that the blending of 14 billion gallons of ethanol “into U.S. gasoline lowers global crude oil prices as well as retail gasoline prices.” The authors concluded, “Adding ethanol to gasoline decreases the price paid by U.S. drivers at the pump. We estimate the average discount per gallon to be \$0.77 between 2019 to 2022 and averaged across our models.”

As Americans mark the “unofficial end of summer” this Labor Day, it’s helpful to know that ethanol is turning down the heat on gasoline prices.

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[1] RFA analysis of Nebraska Energy Office rack price [data](#).

[2] Assumes 37.1 million travelers by automobile (equal to the AAA [forecast](#) for Memorial Day); 261 miles per holiday trip (U.S. DOT-[BTS](#)); average fuel economy of 25 miles per gallon ([EPA](#)); savings attributable to ethanol are \$0.40 per gallon (Nebraska Energy Office).