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Potential Impacts of Proposed E15 Expansion and SRE Reallocation Provisions of HR 1346

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This analysis estimates selected impacts of E15 expansion and proposed small refinery exemption (SRE) provisions on fuel and agricultural commodity markets, consumers, farmers, and government costs.

Results use the FAPRI-MU stochastic model. This economic model represents agricultural, biofuel, and related markets in the medium-term future and generates indicators of farm finances, government outlays, and consumer prices. The starting point of analysis is the baseline released in March 2026 (available at www.fapri.missouri.edu). The results presented below are averages of many model simulations that reflect variations in yields, energy prices, and other sources of uncertainty.

This analysis explores three scenarios relating to E15 (fuel that is 15% ethanol by volume) and reallocation of small-refinery exemptions (SREs) from Renewable Fuel Standard (RFS) compliance based on the 'Fischbach Amendment' markup of HR 1346, or Nationwide Consumer and Fuel Retailer Choice Act of 2025, as of April 28th, 2026.

All three assume new legislation permits greater E15 use and that consumers and firms choose to substitute from E10 to E15. Two scenarios include E15 expansion and proposed treatment of SREs granted to certain qualifying fuel refineries that would reduce the volume of their exemption that is reallocated among other obligated parties to 25%, effectively reducing the overall mandated volume relative to our baseline assumptions. The scenarios are defined as follows.

1. E15 is permitted and adopted. E15 use expands by a quarter of one percent per year.
2. E15 and 600 million gallons of SREs. We assume that the provision to reduce SRE reallocation applies to 600 million gallons in 2028 with 75% of the volume not reallocated.
3. E15 and 900 million gallons of SREs. We assume that the provision to reduce SRE reallocation applies to 900 million gallons in 2028 with 75% of the volume not reallocated.

Some key results are as follows.

- Adoption of E15 without changing RFS requirements makes the RFS easier to meet, although this outcome is partly by assumption.
- E15 causes greater corn use and lower soybean oil use, initiating reallocation of land between crops. Government costs associated with corn fall, and costs associated with soybeans rise.
- Proposed SRE reallocation reductions of 75% reduce the RFS requirements across all mandates. These effects fall more heavily on biomass-based diesel than on ethanol.
- Government outlays associated with agricultural policies tend to rise if SRE treatment reduces the RFS volumes while voluntary E15 expansion tends to reduce government outlays.
- Farm income impacts are mixed. E15 expansion raises corn demand but reduces soybean oil demand, causing trade-offs in crop and livestock sectors. SRE rules that reduce the RFS volumes reduce crop demand but also affect livestock producer feed costs.

The results are sensitive to the underlying assumptions, baseline, and other considerations. A particular concern is the reason for and pace of E15 expansion. Legislation that permits more E15 use might open the path for widespread adoption, but people and firms might not change behavior at all and E10 might continue to dominate the market. If E15 expansion is induced with new support for distribution or by allowing ethanol to meet more than 15 billion gallons of the overall RFS requirement, then there would be consequences for consumer and government costs. Baseline farm and trade policies represent those in place as of January 2026.

Background and scenario definitions

The analysis focuses on two proposed legislative initiatives. First, E15 (fuel that is 15% ethanol and 85% petroleum product) would be permitted more generally throughout the year. Most fuel used in light duty vehicles today is E10 (10% ethanol), though most vehicles produced after 2001 are approved to use E15. Further expansion depends on the prevalence of both flex-fuel vehicles that can use fuel with more ethanol (up to 85%) and the marketing infrastructure. This legislation would allow E15 to be sold all year long, increasing consumer access to it. To the best of our knowledge, the legislation would permit E15, not create new subsidies to support its use or compel the Environmental Protection Agency (EPA) to implement the RFS requirements in a way that increases E15 use. As such, we assume a pace of E15 expansion over the projection period without being able to justify that specific choice. The actual E15 expansion path could certainly be slower or faster than represented in this analysis.

Second, EPA may exempt small refineries from complying with the RFS. When doing so, some portion of the exempted quantities can be reallocated to other, non-exempt refineries and any non-reallocated volumes serve as a reduction in the final mandates. Based on recent EPA practices in January 2026, our baseline assumed 50% reallocation of 2023-2025 SRE amounts in the 2026 and 2027 requirements; in the base numbers used here, all SRE volumes beginning in 2028 are reallocated in the RFS requirements, so the SREs do not cause any reduction in the overall, national mandated use in 2028 and beyond.

The proposed legislation would make certain changes to SREs for the subset of recipient firms with refinery operating capacities (or production of obligated fuels) of less than 75,000 barrels per calendar day. One, these firms would automatically be exempt from the RFS as long as production was below that limit in 2025. Two, of the SREs granted to these firms, 25% would be reallocated to other firms, not 100%. Because the EPA is anticipated not to adjust the RFS requirements higher to offset the lower reallocation, the implication is that the overall RFS requirements would be lowered by 75% of the SREs given automatically to qualifying refineries going forward.

Exact production data for 2025, which is the determining criteria for qualifying SRE exemptions in 2028 and beyond, is not known and so we have imposed two volumes representing a range of possible exempted volumes.

The scenario E15 and 600 million gallons of SREs, calculates the volume of small refinery production in question assuming that operating capacity is a proxy for production across the refinery sector. An examination of EIA's Refinery Capacity Report[1] suggests the independent facilities with a capacity below 75,000 barrels per calendar day (bpcd) have an aggregate capacity of approximately 420,000 bpcd with national capacity of approximately 18.4 million bpcd. The result is these refineries are responsible for approximately 2.3% of the RFS mandate or approximately 600 million RIN gallons in 2025. This calculation assumes that the small refineries in question are not distinguishable from other refineries in their capacity utilization rate nor their share of production that enters the domestic market.

Alternatively, the scenario E15 and 900 million gallons of SREs, calculates the underlying obligated production of the small refineries by assuming 100% capacity utilization and 100% domestic utilization of their production then estimated at 6.4 billion gallons. With a 13.13% RVO obligation in 2025 the result is approximately 900 million RIN gallons of potential obligated volume. This version of the calculation assumes full capacity utilization by these small refineries and that all production ends up in the domestic market.

[1] EIA Small Refinery Capacity report https://www.eia.gov/petroleum/refinerycapacity/.

The actual outcome could differ from those proposed as any plant producing under 75,000 bpcd in 2025 could potentially qualify even if stated capacity was larger if the plant operated below 75,000 bpcd. The analysis also does not incorporate the potential that some small refineries could make significant changes in their capacity and remain below the cut-off, or that any exported fuel might be re-directed to domestic markets. This uncertainty supports the calculation and presentation of alternative obligated volumes.

The RVO in each case is reduced by 75% of the calculated obligated volume (600 or 900 million RIN gallons). That reduction is continued throughout the scenario, increasing with changes in the overall RVO during the projection period.

Three phases of E15 and SRE impacts

It might be helpful to consider three phases of scenarios with E15 expansion and SRE reallocation reduction.

First, E15 expansion begins in 2026, before SRE reallocation reduction starts in 2028. Thus, the early years are driven by rising voluntary use of E15 causing more ethanol to be used instead of biomass-based diesel to meet the mandates.

Second, beginning in 2028, ethanol expansion displaces biomass-based diesel in filling the conventional gap as E15 use continues to expand, while each mandate category is also reduced by the volume of SREs that are not reallocated. The conventional gap is the maximum volume of the RFS mandates that can be met using standard corn ethanol. Up to now, ethanol use beyond E10 has been modest, so a part of the conventional gap has been met using biomass-based diesel beyond the sub mandate specific to biomass-based diesel. Voluntary E15 expansion means ethanol use rises above the volumes seen in the past and can displace biomass-based diesel until only ethanol is used to fill the conventional gap. This displacement means higher demand for corn and lower demand for soybean oil and soybeans.

Third, when the conventional gap is met using only ethanol, there is no further displacement of biomass-based diesel so this impact on soybean oil and soybean demand stops. Moreover, as E15 expansion is assumed to be voluntary, not driven by policies, E15 use sufficient to meet the conventional gap also means that the conventional RIN price falls to zero. From this point, further E15 expansion would have no direct impact on RFS compliance costs. Corn demand would still rise if E15 expansion continues beyond that point. In this phase, SRE reallocation changes that reduce RFS requirements would not directly affect ethanol as the conventional gap would already be met. However, these changes would still affect biomass-based diesel RIN prices, use, and feedstock demands.

Fuel volumes and RFS compliance costs

The E15 expansion scenario assumes steady adoption with overall ethanol use jumping a bit initially and then rising a quarter of a percent (0.25%) each year, reaching an average blend rate of 13.0% by 2035. By 2030, an additional billion gallons of ethanol is used domestically and that number reaches two billion gallons by 2034. Because we assume that the E15 expansion is comparable to the E10 blend wall, in a sense, and not sensitive to relative prices, the SRE-induced RFS reduction has minimal impacts on ethanol use in these scenarios.

Voluntary E15 expansion means greater ethanol use displaces biomass-based diesel in meeting the RFS during the projection period. Given relative energy content of the two fuels, as well as market prices and responses, it is not a

one-for-one trade-off. Biomass-based diesel use falls by somewhat less than half as much as ethanol use rises. SREs causing lower RFS requirements reduce biomass-based diesel use further.

The RFS requirements are not assumed to change, so the additional ethanol demand with E15 expansion makes it easier to meet the overall mandate and indirectly helps to meet other mandate components, such as for biomass-based diesel. The prices of Renewable Identification Numbers (RINs), or RFS compliance certificates, are consequently lower. The price of conventional RINs associated with corn ethanol falls in the E15 scenario. Moreover, because biomass-based diesel can compete with ethanol to meet the overall mandate under certain conditions, the E15 expansion causes biomass-based diesel RIN price to fall, as well. SRE treatment that reduces the RFS requirements pushes down RIN prices. The decline in biomass-based diesel does not fall proportionally across types, but falls largely on biodiesel rather than renewable diesel. If less renewable fuel is needed, then RIN prices tend to fall.

Table 1. Changes in fuel use and Renewable Identification Number (RIN) prices

Calendar year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Fuel use, changes from baseline										
Ethanol					(Billion gallons)					
E15 adopted only	0.4	0.5	0.7	0.9	1.1	1.2	1.5	1.7	2.0	2.3
E15, SRE600	0.4	0.5	0.7	0.9	1.1	1.2	1.5	1.8	2.0	2.3
E15, SRE900	0.4	0.5	0.7	0.9	1.1	1.2	1.5	1.8	2.0	2.3
Biomass-based diesel use										
E15 adopted only	-0.2	-0.3	-0.3	-0.5	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8
E15, SRE600	-0.2	-0.3	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8
E15, SRE900	-0.2	-0.3	-0.5	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9
RIN prices, changes from baseline										
Conventional					(Dollars per RIN-gallon)					
E15 adopted only	-0.15	-0.25	-0.41	-0.47	-0.63	-0.68	-0.74	-0.79	-0.86	-0.91
E15, SRE600	-0.15	-0.25	-0.48	-0.56	-0.73	-0.79	-0.85	-0.93	-1.00	-0.99
E15, SRE900	-0.15	-0.25	-0.51	-0.60	-0.78	-0.84	-0.92	-1.00	-1.04	-1.00
Biomass-based diesel										
E15 adopted only	-0.15	-0.25	-0.21	-0.36	-0.37	-0.41	-0.50	-0.54	-0.58	-0.57
E15, SRE600	-0.15	-0.25	-0.36	-0.48	-0.52	-0.54	-0.58	-0.60	-0.62	-0.61
E15, SRE900	-0.15	-0.25	-0.43	-0.52	-0.58	-0.59	-0.62	-0.63	-0.66	-0.65

E15 and SRE scenarios go through three phases. The first two years are identical to the E15 scenario because SRE reallocation reductions do not begin until 2028. From 2028, the SRE treatment changes reduce RFS compliance needs and fuel consumer costs. In the final years, the contribution of ethanol towards meeting the mandate is largely exhausted in these simulations, so further increases in E15 have fewer implications for RFS compliance or fuel sector prices.

Fuel prices and costs

Consumers or firms choosing to use more ethanol in E15 causes them to bid this fuel price higher. The reduction in RFS compliance costs as RIN prices fall are assumed to be passed on to consumers over time, leading to lower gasoline and diesel prices, as well as lower overall fuel expenditures. The net impacts are somewhat higher average consumer prices of gasoline and ethanol fuels and lower average consumer prices for diesel and biodiesel products.

SRE reallocation reduction also reduces RFS compliance costs and pulls down these costs somewhat further.

Table 2. Changes in fuel prices and costs

Calendar year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Fuel prices and expenditures, changes from baseline					(Dollars per gallon)					
Average consumer price of gasoline-type fuels										
E15 adopted only	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.03
E15, SRE600	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.03
E15, SRE900	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.03
Average consumer price of diesel and biodiesel fuels										
E15 adopted only	-0.30	-0.35	-0.36	-0.40	-0.41	-0.44	-0.48	-0.50	-0.53	-0.55
E15, SRE600	-0.30	-0.35	-0.37	-0.41	-0.42	-0.45	-0.48	-0.50	-0.53	-0.56
E15, SRE900	-0.30	-0.35	-0.38	-0.41	-0.43	-0.46	-0.48	-0.51	-0.53	-0.56
Implied fuel expenditure					(Billion gallons)					
E15 adopted only	-0.1	-1.1	-0.9	-2.0	-2.2	-2.7	-3.3	-3.7	-4.1	-4.4
E15, SRE600	-0.1	-1.1	-1.9	-3.0	-3.3	-3.8	-4.0	-4.2	-4.5	-4.7
E15, SRE900	-0.1	-1.1	-2.4	-3.3	-3.8	-4.2	-4.4	-4.6	-4.8	-5.0

The impacts are sensitive to various factors, including the reason for E15 expansion and how long it takes for this expansion to exhaust the conventional gap. If E15 expansion is induced by subsidies, then these subsidies would presumably reduce consumer prices. If E15 expansion is induced by RFS expansion, then the compliance costs would presumably not fall as much as shown here and could rise. The scope for E15 expansion to reduce compliance costs ends once ethanol fills the conventional gap.

Agricultural sector impacts

E15 expansion draws more corn into mills that produce ethanol and co-products, supporting the corn price. The volume effect is softened because some of the expanded domestic ethanol use is offset by reduced ethanol exports. Likewise, the impact of rising ethanol and co-product corn demand is partly met by reductions in other uses as the price is bid higher. At the same time, the reduced biomass-based diesel production leads to lower prices of soybean oil and other vegetable oils. Soybean prices fall.

These initial effects on prices cause responses throughout the sector, some immediate and others with some delay. Lower soybean oil prices reduce crush margins and pull down crush use, leading to lower soybean price and higher soybean meal price. Greater corn for ethanol causes more production of its coproducts, dried distillers grain (DDG) and corn oil. Corn, DDG, and soybean meal interact in animal feed markets, with potentially

important differences between immediate impacts given animal inventories and after a few years when producers can adjust inventories in response – and some of these price effects are passed on to final consumers.

SRE reallocation reduction causes lower demands for agricultural feedstocks and, consequently, corn, soybean oil, and soybean prices are all reduced in these scenarios. Impacts on soybean oil as a feedstock are enhanced relative to other biobased diesel feedstocks as the impact of the SRE reduction falls largely on biodiesel where soybean oil is a more dominant feedstock.

The E15 and SRE scenarios go through three phases. The impacts in the first marketing year are the same as the E15-only scenario because the SRE treatment changes do not start until calendar year 2028. From that point on, the SRE reallocation reduction reduces feedstock demands and pulls down feedstock prices more. In the final years of the period, the E15 expansion has led to the conventional ethanol component of the RFS being filled and there is no further substitution from biomass-based diesel to ethanol. At that point, rising E15 adoption continues to pull up the corn price but only affects soybean sector prices through other interactions, such as in land use or feeds, not through renewable fuel markets and policies.

Table 3. Changes in feedstock and crop agricultural prices

Marketing year	2026/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Feedstock and other agricultural commodity prices, changes from baseline										
Corn price, farm	(Dollars per bushel)									
E15 adopted only	0.03	0.03	0.05	0.05	0.05	0.07	0.09	0.10	0.11	0.14
E15, SRE600	0.03	0.03	0.03	0.03	0.04	0.06	0.08	0.10	0.11	0.14
E15, SRE900	0.03	0.03	0.03	0.03	0.04	0.06	0.08	0.09	0.11	0.14
Soybean oil price, Decatur	(Cents per pound)									
E15 adopted only	-4.32	-4.01	-6.06	-6.63	-7.16	-8.46	-9.41	-10.02	-10.17	-10.54
E15, SRE600	-4.32	-6.21	-8.17	-8.83	-9.27	-9.91	-10.34	-10.78	-10.82	-11.11
E15, SRE900	-4.32	-7.20	-8.90	-9.62	-10.04	-10.46	-10.82	-11.30	-11.39	-11.70
Soybean price, farm	(Dollars per bushel)									
E15 adopted only	-0.20	-0.17	-0.26	-0.28	-0.29	-0.35	-0.38	-0.39	-0.38	-0.38
E15, SRE600	-0.20	-0.28	-0.36	-0.38	-0.39	-0.41	-0.42	-0.42	-0.41	-0.41
E15, SRE900	-0.20	-0.33	-0.40	-0.41	-0.42	-0.44	-0.44	-0.44	-0.43	-0.43

Changes in crop land use

The different directional impacts of rising E15 use on corn and soybean prices causes a reallocation of land from soybeans to corn, as well as other shifts among annual crops and a reduction in total area planted to annual crops or hay, or put in the Conservation Reserve Program (CRP). The area shift follows the rising E15 use particularly as long as ethanol displaces biomass-based diesel in the conventional gap.

The SRE scenarios cause lower prices to all crops. With lower returns, total crop land is pushed down further with some further rebalancing among specific crops.

Here, again, the three phases of the period stand out. All scenarios have like affects in the first marketing year, before SRE treatment changes begin. Similarly, the trade-off of renewable fuels within the RFS from biomass-

based diesel to ethanol largely stops by the end of the period. The changes in the final year are driven by rising corn demand for beyond-mandate ethanol use and lower need for biomass-based diesel to meet the SRE-adjusted mandate.

Table 4. Changes in crop land use

Marketing year	2026/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Crop area, changes from baseline										
Corn					(Million acres)					
E15 adopted only	0.31	0.55	0.54	0.71	0.83	0.88	1.08	1.28	1.43	1.48
E15, SRE600	0.31	0.55	0.65	0.79	0.87	0.94	1.11	1.28	1.44	1.50
E15, SRE900	0.31	0.55	0.70	0.81	0.88	0.97	1.12	1.28	1.45	1.53
Soybean										
E15 adopted only	-0.32	-0.62	-0.61	-0.80	-0.93	-0.98	-1.16	-1.33	-1.45	-1.47
E15, SRE600	-0.32	-0.62	-0.80	-1.01	-1.11	-1.16	-1.29	-1.40	-1.50	-1.53
E15, SRE900	-0.32	-0.62	-0.89	-1.09	-1.17	-1.23	-1.34	-1.43	-1.55	-1.58
Crop area (13 crops)										
E15 adopted only	-0.03	-0.07	-0.07	-0.10	-0.12	-0.13	-0.14	-0.15	-0.14	-0.14
E15, SRE600	-0.03	-0.07	-0.11	-0.16	-0.19	-0.20	-0.20	-0.19	-0.17	-0.18
E15, SRE900	-0.03	-0.07	-0.13	-0.19	-0.21	-0.22	-0.22	-0.21	-0.19	-0.20

Changes in government outlays

The timing of the policy implementation and program payments can interact in complicated ways. Moreover, the E15 expansion starts immediately whereas the SREs start after a few years. The first year government cost impacts (represented here as the sum of any outlays in late FY25/26 and all outlays in FY 26/27) are particularly sensitive. Setting aside the exact timing, however, certain patterns emerge.

The E15 expansion causes higher price for corn and a lower price for soybeans, leading to different directional effects on payments associated with production of these crops or with corn and soybean base. In this analysis, the two largely offset when calculating the total effect of voluntary E15 expansion on Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC), but there is a reduction of as much as $0.4 billion.

The SRE reallocation reduction reduces the RFS requirements, renewable fuel use, feedstock demands, and crop prices, consequently leading to greater outlays.

Commodity Credit Corporation (CCC) Section 5 outlays shown here are applications of the total budgeted amount not committed to existing programs for ad hoc payments. Changing payments under PLC and ARC, as well as other programs not shown here, impact the gap between the total budgeted amount and the required payments for existing programs and thus the potential scope for CCC section 5 transfers. With the use of that potential determined by commodity prices, this leads to greater ad hoc payments. The effect of all mandatory payment changes including these Section 5 payments tends to be positive in these results.

The three phases of the E15 and SRE analysis are apparent in these results. The first fiscal year is the same because E15 expansion is assumed to start right away but the legislated SRE changes do not start until calendar

year 2028. The trade-off between conventional ethanol and biomass-based diesel within the mandate are important, and the implications for government outlays, including those for crop insurance, depends on many factors, including the initial prices of corn and soybeans. Once the SRE reallocations are reduced and feedstock demands fall, greater government outlays are triggered. At the end of the period, E15 expansion causes ethanol to exceed its volume under the mandate, so the rising demand for corn for this biofuel pulls up the price without pushing down the soybean oil and soybean prices. This pattern tends to push expenditures down relative to earlier years when there is a trade-off between conventional ethanol and biomass-based diesel to meet the mandate.

Table 5. Changes in government outlays

Fiscal year	2026/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
Government outlays, changes from baseline										
PLC and ARC					(Billion dollars)					
E15 adopted only	-0.2	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.4
E15, SRE600	-0.2	0.1	0.2	0.2	0.2	0.1	0.0	-0.1	-0.2	-0.4
E15, SRE900	-0.2	0.2	0.2	0.3	0.3	0.2	0.1	-0.1	-0.2	-0.3
Other Section 5										
E15 adopted only	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1
E15, SRE600	0.0	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
E15, SRE900	0.0	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total mandatory outlays										
E15 adopted only	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1
E15, SRE600	-0.1	0.2	0.2	0.3	0.4	0.3	0.2	0.2	0.0	-0.1
E15, SRE900	-0.1	0.2	0.3	0.4	0.4	0.4	0.3	0.2	0.1	0.0

Changes in farm receipts and net income

Farm receipts are increased by E15 expansion. The effects are uneven in that corn and soybean receipts move differently when ethanol expansion initially comes at the expense of biomass-based diesel use. SRE implementation that reduces the RFS tends to decrease demand for agricultural outputs as biofuel feedstocks and pushes down receipts.

Livestock receipts rise as well, but these producers also experience rising feed prices with higher corn and soybean meal prices. The E15 expansion means higher corn demand, leading to higher coarse grain prices for livestock producers. Reductions in biomass-based diesel shown here mostly come from biodiesel made from soybean oil, pushing down soybean crush demand. An implication of reduced crush is less supply of soybean meal, leading to higher protein meal expenses for livestock producers. These feed costs discourage livestock product supplies so some of their impact is passed on to final consumers during the projection period.

The E15 and SRE analysis take place in three phases. Initially, only the E15 change has started so farm income results are dominated by the substitution from biomass-based diesel to conventional ethanol within the mandate. Once the SRE reallocation reduction starts, there is an overall reduction in RFS requirements and consequently downward pressure on crop receipts and net farm income. By the end of the period, rising E15 use exhausts the scope for conventional ethanol to help meet the mandate; there is no substitution from biomass-based diesel to conventional ethanol within the mandate in the final years. These years are driven by rising demand for corn to

make ethanol without the negative impact on biomass-based diesel input demands. Thus, in the end, net farm income effects can reverse.

Table 6. Changes in farm receipts, expenses, and net income

Calendar year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Farm receipts and income, changes from baseline										
Total farm receipts					(Billion dollars)					
E15 adopted only	0.6	0.7	0.6	0.4	0.3	0.4	0.9	1.5	2.0	2.6
E15, SRE600	0.6	0.4	0.1	-0.2	-0.4	-0.1	0.5	1.2	1.8	2.4
E15, SRE900	0.6	0.3	-0.2	-0.5	-0.6	-0.3	0.3	1.0	1.6	2.2
of which, crop receipts										
E15 adopted only	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.4	-0.2	0.1	0.5
E15, SRE600	-0.3	-0.7	-1.1	-1.3	-1.3	-1.1	-0.8	-0.5	-0.2	0.3
E15, SRE900	-0.3	-0.8	-1.4	-1.6	-1.6	-1.4	-1.1	-0.7	-0.3	0.1
of which, livestock receipts										
E15 adopted only	0.9	1.1	1.1	1.0	0.8	0.9	1.2	1.6	1.9	2.0
E15, SRE600	0.9	1.1	1.2	1.1	0.9	1.1	1.3	1.6	1.9	2.1
E15, SRE900	0.9	1.1	1.2	1.1	1.0	1.1	1.4	1.7	2.0	2.1
Total cash expenses										
E15 adopted only	0.7	0.8	0.8	0.9	0.8	0.9	1.1	1.3	1.5	1.7
E15, SRE600	0.7	0.9	0.9	0.9	0.8	0.8	1.0	1.3	1.5	1.6
E15, SRE900	0.7	0.9	1.0	0.9	0.8	0.8	1.0	1.2	1.5	1.6
of which, livestock operation feed expenses										
E15 adopted only	0.3	0.4	0.4	0.6	0.7	0.8	0.9	1.1	1.2	1.2
E15, SRE600	0.3	0.4	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3
E15, SRE900	0.3	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3
Government payments										
E15 adopted only	-0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1
E15, SRE600	-0.2	0.0	0.2	0.3	0.4	0.4	0.3	0.2	0.0	-0.1
E15, SRE900	-0.2	0.0	0.3	0.4	0.5	0.5	0.3	0.2	0.1	0.0
Net farm income										
E15 adopted only	-0.3	0.0	0.0	-0.3	-0.4	-0.3	-0.1	0.2	0.5	0.8
E15, SRE600	-0.3	-0.4	-0.6	-0.8	-0.8	-0.6	-0.2	0.1	0.4	0.8
E15, SRE900	-0.3	-0.6	-0.8	-1.0	-0.9	-0.7	-0.3	0.0	0.4	0.7

Differences from recent E15 analysis

FAPRI-MU published a report on E15 expansion earlier in 2026 (see www.fapri.missouri.edu). The methods are very similar in terms of model and assumptions, but there are some differences. First, that report used the version of the model that was based on data and policies in Spring 2025 whereas this report starts from information available at the start of this year. Two important policy changes are taken into account. First, the budget reconciliation bill passed and signed in the middle of 2025 is included. The One Big Beautiful Bill Act (OBBBA) changed agricultural policy provisions, such as by increasing the reference prices and expanding base area, with consequences on how E15 and SRE treatment affect government outlays. Second, EPA announcements in late 2025 were be taken into account, leading to different paths for RFS requirements. Moreover, the data were

updated based on events through the start of 2026, more generally, including market conditions. That said, this report does not include the conflict in the Middle East or other events since January 2026.

Despite the differences between the settings of the two reports, the outcomes from E15 expansion are similar, as seen below. The voluntary E15 expansion facilitates RFS compliance, leading to lower overall consumer fuel costs. Rising ethanol use drives up corn demand and pushes down soybean oil demand, with mixed impacts on livestock producer costs, farm income, and government costs.

Uncertainties and limitations

Timing is unclear and the annual effects in the early years are unclear

The exact timing of when policies are introduced and when people and firms begin taking these policies into account can be important. It's very unlikely that expectations change exactly when a marketing year, calendar year, or fiscal year starts. Nevertheless, we ignore these complications and start policy implementation based on convenience for our annual models. The first-year effects in particular could be sensitive to the timing of announcements and expectations.

E15 adoption is assumed here, not explained.

E15 expansion is assumed to take place, implicitly meaning that demand for ethanol rises. This is a key reason behind many of the results, such as rising prices of fuels with more ethanol and falling conventional RIN prices.

If E15 is not caused by greater voluntary adoption, then results could be quite different. One theoretical possibility is that nothing happens: E15 is allowed, but consumers and firms buy very little of it. In that case, the E15 scenario results shown here would overstate the impacts and the true impacts would be close to zero. Alternatively, E15 expansion could be induced by taxpayer-funded subsidies or by RFS implementation changes. These inducements could cause important changes in fuel price impacts and government costs.

The conventional gap in the base case, with E15 expansion, and under different RFS assumptions.

We hold the maximum contribution of conventional ethanol to fulfilling the RFS requirements, the conventional gap, at 15 billion gallons in this analysis. This level is calculated from the legislated volumes of the Energy Independence and Security Act (EISA) of 2007. However, the EISA instructs the EPA Administrator to waive the mandate components under various conditions. Although we are not lawyers and do not give any advice, the EPA implementation of the EISA can lead to a conventional gap of more than 15 billion gallons (Meyer and Thompson, 2012, "How Do Biofuel Use Mandates Cause Uncertainty? United States Environmental Protection Agency Cellulosic Waiver Options" Applied Economic Perspectives and Policy). The timing of when the conventional gap is completely met with ethanol is important for the corn-soybean trade-off and compliance cost impacts.