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October 31, 2025

Via Electronic Filing (www.regulations.gov)

The Honorable Lee Zeldin
Administrator
U.S. Environmental Protection Agency
EPA Docket Center
Air Docket
Mail Code 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460
ATTN: Docket ID No. EPA-HQ-OAR-2024-0505

Re: Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes, Supplemental Notice of Proposed Rulemaking, 90 Fed. Reg. 45007 (Sept. 18, 2025)

Dear Administrator Zeldin:

The National Energy & Fuels Institute (NEFI) appreciates the opportunity to comment on the U.S. Environmental Protection Agency's (EPA) supplemental notice of proposed rulemaking entitled "Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes," published at 90 Fed. Reg. 45007 (Sept. 18, 2025) ("Supplemental Notice"). NEFI represents wholesale and retail distributors of liquid heating fuels that utilize and rely on the biofuels that the RFS program is intended to incentivize, which includes renewable fuels used in home heating oil applications. NEFI testified at EPA's July 8, 2025 public hearing and submitted comments on the initial proposal on August 8, 2025 and respectfully refers EPA to those comments, which are included in the docket at EPA-HQ-OAR-2024-0505-0323 and EPA-HQ-OAR-2024-0505-0618.

In its comments on the initial proposal, NEFI indicated that it strongly supports the proposed increase in volumes for biomass-based diesel and advanced biofuels for compliance years 2026 and 2027 under the RFS program. Robust volumes under the RFS are key to ensuring the availability of biofuels at competitive prices that enables the heating oil industry to meet its voluntary commitments, comply with state blending requirements, remain competitive in an ever-changing market, and respond to growing demand for cleaner, American-produced fuels from customers—and to do so in a cost-effective manner that benefits small businesses and working families. As such, NEFI and its members have a substantial interest in the volume requirements and the Supplemental Notice, and NEFI appreciates the opportunity to submit these comments in support of EPA's proposal to add "SRE reallocation volumes" to the 2026 and 2027 volume requirements that reflect 100% of the exempted volumes as a result of retroactively granted small refinery exemptions for compliance years 2023-2025. NEFI also supports EPA accounting for potential future exemptions for compliance years 2026 and 2027 when it sets the standards to implement the volume requirements for those years.

The Supplemental Notice indicates that, as a result of recently granted small refinery exemptions (SREs) for compliance years 2023-2024 and potential SREs for compliance year 2025, an "influx of additional RINs in the market could have a deleterious effect on current and proposed volume requirements without corrective action to address the increased number of carryover RINs due to the 2023–2025 SREs." 90 Fed. Reg. at 45010. In particular, the Supplemental Notice recognizes that the "availability of these RINs—and the ability for obligated parties to use them to comply with their RFS obligations in lieu of RINs generated for renewable fuel produced and used in 2026 and 2027—could reduce RIN demand and RIN prices in future years and may ultimately result in the market failing to produce the volume of renewable fuel anticipated by the volume requirements in the Set 2 proposal." *Id.* As such, the heating oil industry is concerned with the potential impacts of these SREs to undermine the incentives to invest in biofuels and to reduce biofuel production. Taken together with other concerning aspects of the Set 2 proposal that are addressed in our August 8, 2025 comments, this could have significant adverse impacts on the ability of the heating oil industry to obtain biofuels to meet its needs and to do so in a manner that is most cost-effective for our millions of residential, small business, and commercial customers. When implemented properly, the RFS has led to reduced prices for consumers while supporting American farmers, which have been identified as major priorities for this Administration.

We believe EPA has an obligation to "ensure" the volume requirements it sets under the statute and that only by enforcing those volume requirements will the investments into biofuel production continue. 42 U.S.C. §§7545(o)(2)(A)(i), (3)(B)(i). While providing some flexibilities for compliance in the statute, Congress also established clear limits on the ability to reduce the volume requirements to ensure they are binding to force the market to act, including placing limits on the life of a credit for use in later years and providing limited waiver authority with strict procedural and substantive requirements. *Id.* §§7545(o)(5)(C), (7). Allowing SREs to undermine the incentives Congress created to promote increased *production* of fuels would be counter to Congress's directives and the market-forcing purposes of the program. As such, we support EPA's proposal to provide for SRE reallocation volumes to mitigate against the deleterious effects of the 2023-2025 SREs and believe those volumes should represent 100% of the exempted volumes. While EPA also proposed SRE reallocation volumes that would represent 50% of the exempted volumes, we believe that only accounting for 50% of the exempted volumes (or other amount less than 100%) would be inconsistent with the statute and insufficient to mitigate the potential impacts of the exemptions. Certainly, taking some corrective action is more than warranted under EPA's discretionary authority, but we think corrective action may be required to meet EPA's obligations to ensure the volumes are met with *production*. As such, any calls for zero reallocation of SRE exempted volumes should be rejected.

We also appreciate EPA's efforts to provide updated estimates to account for projected future exemptions for compliance years 2026 and 2027. We note that additional SRE requests have already been submitted to EPA for compliance years 2023 and 2024 since EPA's August 2025 SRE decision, which should be considered in the final rule that EPA indicated would include updated information such as any actual decisions on 2025 SRE petitions. 90 Fed. Reg. at 45009 n.4, 45012 n.19.

NEFI has been a strong supporter of the growth of biofuels to support American farmers and rural economies, enhance energy reliability and affordability, meet growing demand for cleaner fuels, and promote American energy dominance. Biodiesel, renewable diesel, renewable propane, and other advanced biofuels provide our mostly small family businesses with the opportunity to help achieve state and federal goals while enhancing their own competitiveness and preserving a future for themselves in the evolving energy economy. The RFS program has been key to supporting the growth of biofuel use in the heating oil market. It helps ensure these American-produced fuels can compete dollar-for-dollar against petroleum fuel and incentivizes fuel suppliers and distributors to invest in related infrastructure and supplant conventional heating oil with biodiesel or other advanced biofuels. Thus, to further the goals of Congress and this administration's commitment to unleashing American energy, NEFI supports EPA's proposal for a 100% reallocation of exempted volumes based on SREs granted for compliance years 2023-2025.

NEFI remains available to discuss these comments as well as the issues raised in its August 2025 comments. We look forward to continuing to work with EPA to ensure the RFS program meets the growing demand for cleaner fuels in the heating oil market while supporting American farmers, reducing regulatory burdens on American businesses and working families, and ensuring access to reliable and affordable energy solutions.

Thank you in advance for your consideration.

Sincerely,

James M. Collura

James M. Collura
President & CEO