



## **Testimony of Brian Jennings on behalf of the American Coalition for Ethanol (ACE)**

### **EPA Public Virtual Hearing: Supplemental Notice of Proposed Rulemaking, RFS Program Revisions, Small Refinery Exemption (SRE) Reallocation Volumes for “Set 2,” Standards for 2026 and 2027**

**October 1, 2025**

Thank you for the opportunity to testify. My name is Brian Jennings, and I am the CEO of the American Coalition for Ethanol (ACE).

We appreciate the important step EPA is taking with this “Set 2” supplemental proposal to rectify and reallocate the impacts of small refinery exemptions (SREs) issued for the 2023 and 2024 RFS compliance years, as well as reallocation for SREs anticipated for 2025.

The SRE decisions EPA announced in August exempted significant volumes of gasoline and diesel for the 2023 and 2024 RFS compliance years and increased the supply of renewable identification numbers (RINs).

Furthermore, as EPA has cautioned, if the volumes of renewable fuel represented by the SREs are not reallocated, obligated parties could use the oversupply of low-priced RINs to satisfy the 2026 and 2027 renewable volume obligations (RVOs) instead of buying and blending physical gallons of ethanol and other renewable fuel.

This type of demand destruction undermines the integrity of the RFS. Unfortunately, demand destruction occurred in 2018 and 2019 when SREs and low RIN prices discouraged refiners from blending ethanol above E10 and artificially restrained sales of E15, E30, and E85.

Thankfully, EPA has proposed a way to prevent demand destruction by ensuring reallocation of gallons refineries should have legally blended under the RFS during the last three compliance years.

In response to EPA’s request for comment on their reallocation co-proposal, ACE believes EPA is bound by the statute to finalize full and complete reallocation for 2026 and 2027. In other words, the Agency must reallocate 100% of the 2023 through 2025 exempted RVOs – an estimated 2.18 billion gallons – to the final Set 2 rule.

The 100% full reallocation approach is the only way to ensure blending obligations will remain whole for 2026 and 2027.

Going forward, we applaud EPA for indicating it will prospectively account for and reallocate SREs as it undertakes RVO rulemakings beyond 2027.

Finally, we recognize the time-consuming nature of this work and remind EPA it is imperative to finalize this rulemaking before the end of the 2025 calendar year to get the RFS back on track and provide certainty to all parties.

Thank you.