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Soy Growers to EPA: Final RVOs Severely Undercut Rapid Growth, Potential of the Biofuels Industry

Washington, D.C. June 21, 2023. The Environmental Protection Agency released its final Renewable Volume Obligations for 2023, 2024, and 2025, which sets annual biofuel blending targets under the Renewable Fuel Standard. Soy growers are expressing disappointment, as the rule does not accurately reflect the growth expected in the industry and falls far below the industry's current production.

The 2023 finalized rule made zero increases to the 2023 volumes compared to the draft rule. For 2024 and 2025, EPA made modest increases compared to the draft rule.

The total volumes for 2025 represent just over a 20% growth over the 2022 biomass-based diesel RVOs previously set by EPA. However, these totals match current production levels and do not actually account for growth in the industry. The Energy Information Administration predicts an increase in BBD production of over 800 million gallons in 2023 alone. The final rule offers RFS volume increases of just 590 million gallons over the course of three years.

"This announcement is a letdown for soy growers. It threatens the success of the biomass-based diesel industry by significantly dialing back annual increases in volume obligations and failing to account for the progress being made in biofuels investment and growth," said American Soybean Association President Daryl Cates, a soybean grower from Illinois. "Farmers and biomass-based diesel producers face real, concerning consequences from low RFS volumes that do not reflect current production and demand, and we're disappointed in this lack of support for the industry."

ASA has steadily called on EPA and the administration to raise volumes to a level that will continue to support growth of the biofuels industry.

Biomass-based diesel is a vital domestic market for soybean farmers. The RFS has reduced U.S. dependence on foreign oil, reduced greenhouse gas emissions, and added value by increasing demand for soybeans and corn. Billions of dollars are being invested in biodiesel, renewable diesel, soybean crushing plants and other infrastructure to be able to produce more BBD.

The expanded crush capacity companies have announced for the next three years would increase soybean oil supplies by about 5.5 billion pounds. This translates into about 700 million gallons of renewable diesel, far above EPA's three-year RVO growth of only about 590 million gallons. Adding growth from other feedstocks to the announced crush expansion creates a feedstock-abundant situation.

"EPA's final rule undercuts these investments, and the market may not be able to absorb the expected future production," Cates said. "It's also a huge, missed opportunity for a low-carbon fuel to reduce greenhouse gas emissions and scale back the country's reliance on imported oil."

Soy farmers were encouraged by EPA's 2022 volume target—which included the highest-ever number for total renewable fuels and specifically for biomass-based diesel since the renewable fuel standard was created—and were hopeful EPA would continue its support of the RFS. However, EPA's final rule will limit growth in soy-based biofuels over the next three years and leaves farmers and biofuels industry partners reeling.

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The American Soybean Association (ASA) represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing 30 soybean-producing states and more than 500,000 soybean farmers.

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