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SABR urges White House to protect domestic biodiesel production amid global diesel supply shortage

EPA is considering a move that would reduce U.S. biodiesel production, harm farmers and small businesses, and raise diesel prices

The Sustainable Advanced Biofuel Refiners (SABR) Coalition is urging the Trump administration not to change the formula used by U.S. EPA in granting small refinery exemptions (SRE) to petroleum companies under the Renewable Fuel Standard (RFS). EPA may be considering changing the rules midstream without transparency, which would expand SREs and pull back on a market that is working.

Biodiesel would take the brunt of the negative impact of this expansion of SREs. SABR represents stakeholders throughout the biodiesel value chain including soybean farmers and processors, biodiesel producers, glycerin refiners, and fuel distributors and retailers. Together, these industries support jobs for millions of American households and generate billions of dollars in domestic economic activity by providing homegrown renewable fuel to the nation's diesel supply. All of these industries will be put at risk if EPA unnecessarily grants expanded exemptions under the RFS.

The year 2025 was devastating for the biodiesel industry because of major federal energy and tax policy uncertainty. This uncertainty lasted through the first quarter of 2026, when the administration wisely signaled some hope for a recovery by issuing robust volumes under the RFS. Biodiesel producers immediately stepped up to meet those prescribed volumes by adding much-needed fuel to the domestic diesel supply at a time of global fuel shortages and price increases. That additional supply is making U.S. diesel prices lower than they would be otherwise.

But just as the recovery for biodiesel was gaining momentum, SABR is hearing that EPA is considering pouring cold water on that recovery by expanding the eligibility criteria for SREs. SREs were intended to be a short-term transitional tool in the early years of the RFS. They have become an annual reward to oil companies and a destabilizing penalty to biofuel and ag markets. This potential new change would further expand SREs to oil companies that are logging record profits from swollen refinery margins and certainly not experiencing "economic hardship."

Expanding SREs would come at the expense of farmers who have suffered tremendously from shifting trade and biofuel policies. Farm bankruptcies increased 46% in 2025. Now, in 2026, the conflict in Iran has exacerbated that economic harm to farmers because of high diesel fuel prices and a shortage of fertilizer and other inputs due to supply disruptions.

“If the biodiesel markets in 2026 were a football game, the officials didn’t set the rules until the start of the second quarter, and now they may be considering changing the rules in the middle of the third quarter,” said SABR CEO Joe Jobe. “Earlier this year, EPA set the rules by issuing a very good final rule with robust biofuel volumes and other healthy changes to the program, and it is working. We urge the EPA to continue to let those good policies work to help fuel the American economy.”