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EXPLAINER

The True Cost of Year-Round E15

July 2026

Summary

Ethanol producers promise that year-round E15 will save drivers 10 to 30 cents per gallon. But the total costs—from lower mileage to higher food prices—wipe out any potential savings. Year-round E15 won't fix the affordability crisis; it is a wealth transfer from consumers to ethanol producers.

What's the claim?

Professed cost savings are the driving ethanol excuse of the day, with producers promising 10 to 30 cents per gallon—a welcome windfall for households squeezed by higher costs for energy, shelter and food. But according to the EPA's latest Renewable Fuel Standard (RFS) rule, increased ethanol is an added cost—both directly and indirectly—by nearly every measure.

Higher blends cost *more* to produce

EPA's own figures show that higher ethanol blends cost more to produce, undermining any potential savings.

Table 1: Total Gasoline Costs

Year	E10 cost/gallon	E15 cost/gallon
2026	$2.20	$2.32
2027	$2.14	$2.27

Source: EPA, Renewable Fuel Standard final rule (2026), p. 423.

> **By the EPA's own math, year-round E15 is a net loss for society—nearly $18 billion in 2026 alone.**
>
> *— EPA, 2026 Renewable Fuel Standard rule*

What are some of the costs?

Higher ethanol blends cost **more to produce**, wiping out the promised savings.

Higher blends add an estimated **$2.65–3.19 billion** in food costs by pushing up commodity prices.

$537 million in taxpayer grants funded gas-station ethanol upgrades in 2025—on top of **$55B+** in 2026 farm subsidies.

Ethanol has **about one-third less energy** than gasoline, so drivers fill up more often.

E15 is **banned for boats, motorcycles and snowmobiles** and can harm mowers and chainsaws.

Corn ethanol worsens fertilizer **run-off**, fueling algal blooms and dead zones that cost taxpayers.

Expanding corn and soy plows under sensitive land, stripping **wildlife** of habitat.

The hidden costs add up

Beyond the pump, higher ethanol volumes raise costs throughout the food chain and pile new burdens on retailers, drivers and taxpayers.

Table 2: Other Costs from Higher Ethanol Blends

Gas-station infrastructure	$537 million in taxpayer-funded grants in 2025 for corrosion-resistant tanks and dispensers.
Food expenditures	$2.65–3.19 billion in added costs (relative to a no-RFS baseline), driven by higher feed and transport prices.
Lower gas mileage	The more ethanol displaces gasoline, the more frequently drivers have to fill the tank.
Environmental harm	Corn ethanol is at least as carbon-intensive as gasoline—and potentially far more. (See the full series.)
Consumer restrictions	Not suitable for all vehicles; can harm small engines such as boats, motorcycles and outdoor equipment.
Net societal benefit	**−$17.9 billion (2026); −$20.8 billion (2027).**
Added to the federal debt (CBO)	$2.3 billion.

The bottom line

EPA subtracts a societal cost of $18.24 billion (2026) and $21.24 billion (2027) from a small energy-security benefit, arriving at a deeply negative net societal benefit—figures that don't even include higher food costs. The agency itself calls the arrangement a wealth "transfer" from consumers straight to ethanol producers. Separately, CBO estimates the year-round E15 bill would add $2.3 billion to the debt through a poorly structured change to the Small Refinery Exemption process that steers demand toward corn-based ethanol.

And these costs land on top of more than **$55 billion** in 2026 subsidy payments to the commodity growers who supply ethanol feedstock—including $40 billion in ad hoc disaster aid and $11.9 billion in crop insurance in 2025—with reference-price increases in the One Big Beautiful Bill Act contributing to a projected $66 billion in agriculture subsidies over the next decade. Taken together, it is a crushing burden consumers are expected to bear on behalf of the ethanol industry—all for savings that are unlikely to materialize.

Where can I learn more?

For the full breakdown of this and the other five E15 "excuses," read the complete R Street analysis:
rstreet.org/commentary/without-major-reforms-theres-no-excuse-for-year-round-e15

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