

EPA Issues New Emergency E15 Waiver and Renewable Fuel Standard Rule for 2026-2027 Amid Rising Fuel Costs Associated with Iran War

APRIL 15, 2026

In October 2025, we covered the evolving legal landscape surrounding E15 gasoline—a fuel blend containing 15% ethanol—including the EPA’s history of issuing short-term emergency waivers to allow summer sales, California’s decision to authorize E15 statewide, and the introduction of the bipartisan Nationwide Consumer and Fuel Retailer Choice Act of 2025 in Congress. See [E15 Gasoline: Legal Landscape and Recent Legislative Updates \(Oct. 2025\)](#). On March 25, 2026, the EPA issued a new temporary emergency fuel waiver to once again permit nationwide sales of E15 ahead of the summer driving season. This time, the waiver arrives against a different backdrop: rising fuel prices driven by the disruption of oil shipments through the Strait of Hormuz and the destruction of oil and gas infrastructure across the Middle East. In addition, EPA has finalized the Renewable Fuel Standard “Set 2” final rule, establishing historic renewable fuel volume requirements for 2026 and 2027. This post examines the latest developments and what they mean for consumers, farmers, and the fuel industry.

EPA’S MARCH 2026 EMERGENCY WAIVER

As discussed in October, the Clean Air Act’s Reid Vapor Pressure (RVP) limits have historically prevented E15 from being sold during the summer ozone season (June 1 to September 15 for retail stations; May 1 to September 15 for producers) due to concerns about evaporative emissions and ground-level ozone formation. Since 2022, the EPA has addressed this restriction each year by issuing emergency waivers, which the Clean Air Act limits to 20-day increments—meaning the EPA must issue roughly seven consecutive waivers each summer to maintain uninterrupted E15 availability.

On March 25, 2026, EPA Administrator Lee Zeldin, in consultation with the U.S. Department of Energy, issued the latest such waiver.^[1] According to the EPA’s announcement, the waiver will go into effect on May 1, 2026, and will initially remain in place through May 20, 2026—the maximum 20-day window allowed under the Clean Air Act. The EPA stated that it will continue to monitor fuel supply conditions and stands ready to extend the waiver “as long as the fuel supply circumstances warrant such action.” This is consistent with the agency’s approach in prior years and signals that additional extensions through September are likely.

This year’s waiver, however, goes a step further than its predecessors. In addition to authorizing E15 summer sales, the EPA is also waiving federal enforcement of all state “boutique” fuel requirements for gasoline. This means that gasoline containing between 9% and 15% ethanol can be produced and distributed at a single, common RVP standard of 10 psi across the entire country (assuming that states do not enforce these standards themselves).^[2] As the EPA

explained, this action is intended to eliminate fragmented state-by-state fuel specifications that can complicate fuel distribution logistics and limit supply. Administrator Zeldin stated that the action was designed to “reduce unnecessary costs and uncertainty and ensure that gas prices remain affordable for all Americans through the summer.”^[3]

RENEWABLE FUEL STANDARD (RFS) “SET 2” FINAL RULE

The RFS program requires a certain volume of fuel that qualifies as renewable fuel to be used to replace fossil fuels in various applications. On March 27, 2026, EPA announced the RFS “Set 2” final rule, establishing renewable fuel volume requirements for 2026 and 2027 at the highest levels in program history. This rule creates a multiyear mandate for biofuels blending in the U.S. fuel supply. EPA estimates the rule will prompt a 60 percent increase of biodiesel and renewable diesel production and use compared to 2025 levels. The final rule was published in the Federal Register on April 1, 2026, and will take effect June 15, 2026.^[4] EPA has estimated the rule will generate over \$10 billion for rural economies and create more than 100,000 new jobs in the agricultural and manufacturing sectors.^[5] In addition, EPA estimated these volumes would create a \$3 to \$4 billion dollar increase in net farm income.

THE GEOPOLITICAL CONTEXT: THE IRAN WAR

The EPA’s actions come at a time when consumer fuel prices “have soared since the Iran war began.”^[6] The conflict has disrupted global energy markets, driving up the cost of crude oil and, by extension, the price consumers pay at the pump for gasoline and diesel. It has also increased costs for farmers, who rely on diesel fuel for equipment and have simultaneously faced significant fertilizer price hikes linked to the conflict, which in turn will likely result in increased food costs. Increased transportation costs meanwhile are driving up the price of distribution and ultimately, the cost of goods to consumers.

LOOKING AHEAD: WHAT THIS MEANS FOR CONSUMERS, FARMERS, AND THE FUEL INDUSTRY

The March 2026 E15 waiver underscores a point we made in October: the current regulatory framework for E15 remains fundamentally temporary and uncertain. Each year, the EPA must re-issue emergency waivers in 20-day intervals, creating potential logistical challenges for fuel distributors and leaving consumers, retailers, and ethanol producers without long-term assurance that E15 will remain available through the summer. Additionally, ending federal enforcement of state boutique fuel standards indicates the EPA is searching for ways to simplify the fuel market within its existing authority, although this is not a permanent fix. We note that the significant cost pressures around fuel associated with the Iran war suggest that state leaders will be more open to waiving their standards to ease fuel prices for their residents.

The bipartisan Nationwide Consumer and Fuel Retailer Choice Act of 2025, S. 593, 119th Cong. (2025); H.R. 1346, 119th Cong. (2025), remains pending in Congress, and both Administrator Zeldin and Secretary of Agriculture Brooke L. Rollins have called on lawmakers to pass a permanent solution. Secretary Rollins has argued that “year-round E-15 is essential for the farm economy, and Congress needs to find a commonsense solution that provides much needed certainty to consumers and farmers.”^[7] With growing bipartisan support and increasing price pressures, Congress may be more likely to pass this bill this year.

Those involved in the agriculture, energy, or fuel retail sectors should continue to monitor both the progress of the federal legislation and any further EPA biofuel actions as prices continue to rise and industry pressure mounts.

[1] U.S. Env’t Prot. Agency, *EPA Fortifies Domestic Fuel Supply, Provides Americans with Relief at the Pump by Approving Nationwide E15 and Removing Boutique Fuel Markets for E10* (March 25, 2026), <https://www.epa.gov/newsreleases/epa-fortifies-domestic-fuel-supply-provides-americans-relief-pump-approving-nationwide>.

[2] *Id.*

[3] *Id.*

[4] Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes, Fed. Reg. (Apr. 1, 2026), <https://www.federalregister.gov/documents/2026/04/01/2026-06275/renewable-fuel-standard-rfs-program-standards-for-2026-and-2027-partial-waiver-of-2025-cellulosic>.

[5] U.S. Env't Prot. Agency, *EPA Finalizes Historic New Renewable Fuel Standards to Strengthen American Energy Security, Support Rural Economies* (March 27, 2026), www.epa.gov/newsreleases/epa-finalizes-historic-new-renewable-fuel-standards-strengthen-american-energy.

[6] Melina Walling, *EPA Approves Sale of a Higher-Ethanol Fuel to Try to Lower Gas Prices*, PBS (March 25, 2026), <https://www.pbs.org/newshour/politics/epa-approves-sale-of-a-higher-ethanol-fuel-to-try-to-lower-gas-prices>.

[7] U.S. Env't Prot. Agency, *What They are Saying: EPA Fortifies Domestic Fuel Supply, Provides Americans with Relief at the Pump by Approving Nationwide E15 and Removing Boutique Fuel Markets for E10* (March 26, 2026), <https://www.epa.gov/newsreleases/what-they-are-saying-epa-fortifies-domestic-fuel-supply-provides-americans-relief-pump>.

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