The Environmental Protection Agency (EPA) on Thursday finalized a controversial rule on ethanol, cementing a proposal that has been heavily criticized by the nation's ethanol producers and the petroleum industry mandated to add the corn-based substance to their fuels.

The proposal, announced with a press release headlined “EPA Fulfills Another Trump Administration Promise,” was designed to quell backlash from farmers who revolted after the EPA issued 31 waivers that exempted oil refiners from blending ethanol into their product.

But after the initial rule was proposed, each industry made clear it felt it was betrayed by an administration eager to appeal to both sides of what views as his base.

“Agency officials had a chance to finally make things right with this final rule — but they blew it,” Geoff Cooper, president and CEO of the Renewable Fuels Association, said in a release.

“EPA’s rule fails to deliver on President Trump’s commitment to restore integrity to the RFS, and it fails to provide the market certainty desperately needed by ethanol producers, farmers, and consumers looking for lower-cost, cleaner fuel options,” he said, using the abbreviation for the Renewable Fuel Standard policy that requires ethanol use.

Trump had promised farmers in a June meeting that he would review the waiver process used by oil companies to skirt ethanol blending. News broke in August that it was Trump himself that directed the EPA to issue more waivers.
“The president has heard from all sides and in the end he has had enough of it. He called [EPA Administrator Andrew] Wheeler and gave him the green light,” a source familiar with the matter told Reuters at the time.

Under heavy pressure from corn growers in 2020 battleground states like Iowa, the administration again promised a fix for farmers who complained of the sting from not only shrinking ethanol markets, but an unfavorable trade market following Trump’s trade deals.

The solidified rule intends to close a key loophole in the eyes of farmers. Smaller refineries will still be allowed to obtain waivers. However, larger refineries will be obligated to blend in the gallons smaller facilities don’t, in theory maintaining a level 15 billion gallons of ethanol the oil industry as a whole must use.

But ethanol producers say the rule errs in reassigning missed gallons based on government projections rather than the actual number of gallons refineries exclude because of the waivers they receive.

“Integrity is restored to the RFS only if the agency accurately accounts for exemptions it will grant. The rule uses an accounting formula based on Department of Energy recommendations, which EPA has a poor track record of following,” Emily Skor, CEO of Growth Energy, a group representing the ethanol industry, said in a release.

Oil companies were also miffed by the rule, arguing that companies that meet their obligation under the law should not have to add excess gallons of ethanol from companies that received a waiver.

“This misguided reallocation policy, which punishes companies for complying with the law, was not borne out of sound rulemaking that prioritizes consumer interests. We will vigorously challenge this policy in the weeks to come and continue advocating for a comprehensive legislative solution that repeals or significantly reforms the RFS,” Frank Macchiarola with the American Petroleum Institute said in a release.

Wheeler touted the policy in a letter to the Quad-City Times, a newspaper in eastern Iowa.

“Nothing less than the future of an entire region is at stake,” Wheeler wrote.

“Through President Trump’s leadership, this administration continues to promote domestic ethanol and biodiesel production, supporting our nation’s farmers and providing greater energy security,” he wrote.