THE NORTH DAKOTA Soybean GROWER MAGAZINE

This article appeared in the October, 2026 issue of
The North Dakota Soybean Growers Magazine Volume 15 Issue 5



COVER STORY

SAVORING A WIN FOR Biofuels

—By Daniel **Lemke**, Editor-in-Chief

From soybean fields to farm equipment, the growing demand for biodiesel is helping to create a year-round domestic market for the crop.

Some things are meant to be savored: A juicy steak cooked to perfection, the perfectly brewed cup of morning joe, major wins for soybean growers.

The tastiest win for the latter occurred in March when the Environmental Protection Agency (EPA) set renewable volume obligations (RVO) at 5.4 billion gallons of biomass-based diesel in 2026 and 5.7 billion gallons in 2027.

For North Dakota soybean growers, the move could deliver a broader appetite for their beans.

Whetting Appetites

The path of success for biofuels, such as biodiesel and renewable diesel, has never been linear. The RVOs announced in March have sent the industry on an upward trajectory.

"The RVOs have been absolutely enormous for the biomass-based diesel industry and, as far as we can tell, for all of the feedstocks that are utilized by our industry," said Kurt Kovarik, vice president of federal affairs for Clean Fuels Alliance America (CFAA). "There is nothing that compares to what this last RVO did in terms of jumpstarting the industry."

Kovarik stated that processors were scouring the country for feedstocks, including soybean oil, canola oil, animal fats and corn oil.

"We're having that domestic demand returning value to farmers' economic activity," Kovarik stated.

Why It Matters

Growing demand benefits the production of biodiesel and renewable diesel, both of which can be made with soybean oil. Domestically, the U.S. has about two billion gallons of biodiesel capacity and five billion gallons of renewable diesel capacity.

Kovarik explained that the biofuel industry went from running at 50% capacity to 85% in about two months following the RVO announcement.

Energy-industry data indicated that the industry produced 500 million gallons of biomass-based diesel in June.

Calculated over 12 months, that production exceeds 6 billion gallons annually. Kovarik contended that those numbers indicate how the biofuel industry can meet the demand caused by the RVOs, which answers a question often raised by detractors of the expanded volume requirements.

Generous Servings

Organizations such as CFAA, the American Soybean Association and others pressed the EPA to increase the amount of biofuels, including biodiesel and renewable diesel, that blenders were obligated to add to petroleum-based fuels.

RVOs had previously short-changed biofuels. Kovarik said that the obligated volume of biomass-based diesel in 2025 was about 3.3 billion gallons, even though the industry produced over 5 billion gallons.

"We had a really good 2024 and a really poor, very lackluster 2025," Kovarik asserted. "That history is important because it demonstrates how significant this RVO is."

Soybean processors, biofuel organizations, farmers and the ethanol industry were seeking a significant step up in volumes for 2026. The groups asked for biomass-based diesel volumes to be set at 5.25 billion gallons. The EPA set the volume for 2026 at 5.4 billion gallons.

"The industry has been ramping up to go full out ever since to demonstrate that we can meet the obligations," Kovarik added.

Delectable Outcomes

In 2025, the biodiesel industry was operating at about 50% capacity, according to Kovarik. By June 2026, renewable diesel production climbed

Potential Exemptions Could Result in the Reallocation of Obligations

Some refiners claim that blending biofuels causes undue economic harm. A specter of looming small-refinery exemptions could reduce the volume of biofuels that is actually blended, despite what was outlined in the RVOs. If those exemptions are granted, volumes could be reallocated at 70% of the original obligations.

—Source EPA.gov



Biodiesel puts soybean oil to work beyond the food chain, connecting a crop grown in North Dakota fields with the farm equipment's fuel tanks.

to about 85% of the processing capacity, and biodiesel was at 86% as idled plants reopened and as operating plants ramped up production.

For farmers like Rob Rose of Wimbledon, a member of the fuel work group for the United Soybean Board, the increased volumes were welcomed.

"A lot of people and different organizations worked hard at making that volume possible," Rose said.

"Having biomass-based diesel as a market driver in the state, as a farmer, I'd say it's a huge win for us," added Philip Neubauer, a grower from Bottineau and a non-voting CFAA member.

Former North Dakota Soybean Growers Association President Joe Ericson of Wimbledon explained how the growth of biofuels is evident on his farm.

With North Dakota having two crush plants, that really does help the local basis being able to haul and process our beans domestically and not having to ship them out to China or other markets," Ericson contended.

"When you look at the fact that those two plants are crushing about half of our beans now when we were exporting nearly 90%, to all of a sudden take a huge chunk of what was being exported and process it here, that's huge," agreed Joe Morken, a Casselton farmer and former North Dakota Soybean Council chair. "We see it in our basis here."

Kovarik stated that, in May 2026, the biofuel industry utilized 1.45 billion pounds of soybean oil (about 56% of the soybean's value comes from the oil). Kovarik mentioned that, a few years ago, 50% of the soybean crop was exported while 50% was crushed domestically. Crush

Small Refinery Exemptions Are a Concern for Biofuel Proponents

On August 31, the Environmental Protection Agency (EPA) announced that it would remove approximately 1.8 billion Renewable Identification Numbers (RINs) from the Renewable Fuel Standard (RFS) compliance for small refiners.

However, the EPA also proposed to reallocate 100% of those RINs to larger refiners in the current 2026-2027 period, assuring no net loss in biofuel demand.

RINs are credits used for RFS compliance and are assigned to each gallon of biofuel produced.

Without 100% reallocation in the current period covered by the EPA's Set 2 Rule, the American Soybean Association (ASA) estimated that biomass-based diesel demand would drop by 500 million gallons and that soybean farmers would suffer almost a $1 billion loss in revenue.

The EPA exempted 29 refineries from retiring a total of 1.76 billion RINs for 2025 compliance. The agency finalized a rule to further delay the 2025 RFS compliance date to October 1 and to provide additional benefits to all refiners.

In the 2026-2027 RFS rule announced in March, the EPA estimated that it would grant SREs totaling 990 million RINs for 2025. The agency established supplemental volumes for 2026 and 2027 to ensure that the exemptions would not undercut current biodiesel and renewable diesel production and would not halt investments for additional production capacity. The Trump administration and the EPA promised to restore all 770 million RINs exempted above the prior estimate through a supplemental rule.

"America's biodiesel, renewable diesel and sustainable aviation fuel producers have been working overtime to meet the historic RFS volumes announced just last March," said Kurt Kovarik, Clean Fuels Alliance America's (CFAA) vice president of federal affairs. "The industry is producing at record pace today, providing a strong domestic market for America's farmers, investing billions in rural communities, contributing to America's energy security and providing American consumers a price break at the pump–in short, delivering measurable results on the administration's goals for the RFS."

Kovarik described how the CFAA disagrees that small refiners need some reviving after the tepid 2025 RFS volumes.

"We appreciate the administration's commitment to reallocating 100% of these additional exemptions and their intention to enter into supplemental rulemaking soon, but timing is critical," stated ASA President Dave Walton. "Any delay in reallocation risks undermining the domestic market demand that soybean farmers urgently need as we enter harvest season. (The) EPA must move quickly to fully reallocate these RINs and ensure soybean farmers are held harmless."

plants are now processing about 60% of the nation's soybeans, a direct result of the buildout in renewable fuels which facilitated the expansion for domestic soy crushing.

"We generally view the updated RVOs as a positive step that provides greater certainty for renewable fuel producers, soybean processors and farmers," said Mike Hilker, commercial manager for North Dakota Soybean Processors in Casselton. "Consistent and predictable renewable fuel policy helps support investment across the domestic soybean crush/biofuels supply chain. This RFS recognizes the important role that soybean oil plays in renewable diesel and biomass-based diesel production."

Mike Keller, president of Green Bison Soy Processing in Spiritwood, agreed that the current RVOs are at a very strong level.

"From our perspective, that's critical to the success of biomass-based diesel, demand for U.S. soybeans and to processors like us that have invested to meet that demand," Keller stated.

"When this facility was built, it was on the premise that we were anticipating strong demand for renewable diesel. We were very vocal from the beginning about our relationship with Marathon Petroleum Corporation, our oil offtake agreement and the role this facility could play in serving that market."

Keller explained that the updated volumes are already having an effect on the market.

"You can see how important that demand is when you look at where we were a year ago compared with today," Keller asserted. "Last year, when there was very little clarity, margins were low, and it impacted the entire operating environment. Today, with greater RVO clarity and much stronger demand, we've seen a tremendous difference."



Wimbledon farmer Rob Rose fuels equipment with biodiesel, a growing market for soybean oil that is creating additional demand for North Dakota soybeans.

Crush capacity in North America has grown rapidly in the past five years, with much of that capacity being added due to the expected demand growth for biofuels.

"The industry has stepped up to meet that demand, and we're continuing to invest," Keller added.

"ADM recently announced plans to increase our soybean processing capacity, which is a good example of that confidence in future demand."

Peppered with Potential

Keller described how North Dakota farmers have seen a meaningful improvement for the prices which Green Bison has offered for soybeans and how basis levels have improved. Having year-round soybean demand has also benefited the state's farmers.

"Historically, this has been a market where a lot of soybean demand was tied to an export window of roughly six months, but we're a 12-month-a-year buyer," Keller explained.

"That gives growers another outlet for their crop and a consistent, reliable source of local demand day in and day out. Now, growers have both the export market and local crush demand tied to renewable fuels. That gives them more diversification and more opportunities to market their soybeans throughout the year."

Hilker agreed that increased processing and biofuel use are wins for North Dakota farmers. "North Dakota has been a major beneficiary of the RFS program, as the state has added significant processing capacity that allows approximately half of the soybeans produced by North Dakota farmers to be processed at North Dakota crush plants," Hilker said. "This local crush capacity provides strong year-round demand for North Dakota soybeans rather than relying solely on the more seasonal and volatile export market."

"It's really helpful to see the local processors expand due to increased obligations," Neubauer stated. "It shows the farmers that they're willing to invest in the state and (that) they're going to want soybeans continually."

Balancing Flavors

North Dakota State University Professor and Crops Economist Dr. Frayne Olson declared that the RVOs provided a supportive boost for the industry. Ultimately though, soybean processors have the option of supplying oil for the human food chain or for biodiesel and renewable diesel markets.

"Every processor is going to have a little different strategy and different industry connections on what they want to try and leverage, so they'll have to decide how they're going to position themselves," Olson maintained.

Olson added that the domestic soybean demand has, historically, been much more stable than the export demand. The export market is typically the only market that's big enough and can respond fast enough to absorb extra production.

"It is good to have a solid, stable base domestically so that we know what we need, even though, when prices get higher, they may cut the amount they produce and consume," Olson explained. "However, the export market is much more price sensitive, so we see a lot more uncertainty, a lot more anxiety about what's going to happen with the trade part of it. To have a strong, growing, vibrant domestic market is what the industry wants. That's our core."

Olson said that there is a financial incentive not only through the RVOs, but also from the pending 45 Z tax credit, to expand advanced biofuels such as biodiesel and renewable diesel.

To qualify for the 45 Z tax credit, fuel producers must demonstrate reduced carbon intensity (CI) scores compared to petroleum diesel. That process will likely circle back to the farm gate and reflect farm practices.

"Long term, over the next five plus years, this will be a policy that will have big impacts," Olson contended. "We're going to have some growing pains along the way to figure out exactly how do we do this and do it efficiently."

Sweeter Things to Come?

The RVOs released in March established volumes for 2026 and 2027, and Kovarik said that conversations are already happening to determine volumes for 2028 and beyond. Those discussions are important because of the role that policy plays in the biofuel industry.

"Over the long term, strong and stable renewable fuel policies can drive continued growth in demand for soybean oil," Hilker said. "The updated RVOs strengthen the ag sector and deliver meaningful support for rural America, domestic jobs and manufacturing, and U.S. energy security. However, the current rules only establish renewable fuel requirements through 2027. Longer-term certainty will depend on (the) EPA's standards for 2028 and beyond. We're hopeful that we will continue to see growth in the RFS that we can translate into additional value for the ag sector."

In other words, growers hope that a strong biofuel demand will be on the menu for years to come.

"Continued clarity and strong RVOs going forward are going to be important," Keller added. "Biofuel demand has helped power the growth we've seen in U.S. soybean crush, and continued policy certainty gives processors the confidence to keep investing to serve that market."