

MSE Market Commentary

May 2026

Green Premium Becomes the New Benchmark

What the Platts T2 Revision Means for US Ethanol Exporters

The European fuel ethanol market is undergoing a structural recalibration that will directly affect the commercial value of every cargo arriving at Rotterdam. The shift is regulatory in origin but its consequences are purely economic — and the window for producers to act without penalty is closing.

What Is Changing and When

From 1 July 2026, S&P Global Platts will raise the minimum weighted-average GHG saving threshold for T2 FOB Rotterdam ethanol price assessments from 64.3% to 75%. This is not a target or a trajectory — it is a hard floor for benchmark-grade classification.

Product that falls below the new threshold will no longer be assessable within the standard T2 grade. It will either be excluded from benchmark trading flows or face a structural pricing discount relative to compliant material.

Platts has already laid the groundwork for a bifurcated market. In October 2025, the agency launched a dedicated High GHG Savings assessment — ticker AGSSQ00 — with premium differentials to standard T2 grade assessed daily. That premium is now a permanent feature of the pricing landscape, not a temporary anomaly. The market is signalling clearly: carbon intensity is no longer a compliance checkbox. It is a pricing variable.

The Supply Context

EU domestic fuel ethanol production stands at approximately 5.9 billion litres annually, according to ePURE industry data. Under RED III, the European Union is required to achieve a 29% renewable energy share in transport by 2030 — a target that the current domestic production base cannot meet without substantial external supply.

The United States has become a structurally important supplier to this deficit. Following the expiry of EU anti-dumping measures in 2019, US producers gained full access to the European market and have steadily grown their share of import volumes. The commercial logic is straightforward: US grain-based ethanol, produced at scale from modern facilities with established sustainability documentation, is well-positioned to meet European compliance requirements — provided certification infrastructure is in place.

The July 2026 revision raises the bar. Producers who have built their European market positioning around the current 64.3% threshold will need to reassess feedstock sourcing, production parameters, and certification pathways. Those already operating above 75% GHG savings are positioned to capture the premium differential that the AGSSQ00 assessment reflects.

The Certification Timeline

ISCC EU certification is the primary compliance pathway for non-EU producers seeking access to the European renewable fuels market. The process encompasses documentation of feedstock origin, GHG calculation methodology, mass balance accounting, and third-party audit by an accredited certification body.

Producers initiating ISCC EU certification now may realistically target audit readiness in Q3–Q4 2026, depending on operational preparedness and existing documentation quality. This is a tight but executable timeline for well-organised facilities.

Each quarter of delay beyond that point increases two distinct exposures: first, potential exclusion from benchmark-grade trading flows where European counterparties require certified supply; second, widening pricing differentials as compliant supply commands an increasingly established premium over uncertified or sub-threshold material. The cost

of delay is not hypothetical — it is being assessed and published daily by Platts.

MSE's Role

Metal Supply Experts GmbH supports ethanol producers across the full European market-entry pathway — ISCC EU certification coordination, logistics structuring, EU regulatory compliance, and commercial offtake coordination with European fuel blenders, energy traders, and obligated parties — acting under Swiss-law commission agency structures.

For US producers seeking to establish or scale European supply relationships ahead of the July 2026 threshold revision, initial discussions can be directed to MSE GmbH through the contact form at metalsupplyexperts.com.

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