

What Greenhouse-Gas Deregulation Means for Agriculture – and for America

Roger McEowen (roger.mceowen@washburn.edu) – Washburn University School of Law

Roger McEowen's Blog: <https://agriculturalaw.lawprofessorsblogs.com/>

September 2026

Overview

On September 14, 2026, EPA finalized repeal of the majority of the 2024 Carbon Pollution Standards while simultaneously proposing to eliminate the remaining power-sector GHG requirements.¹ EPA estimates that the final action could save up to \$310 billion, while the broader proposal would produce additional direct compliance-cost savings.² The supplemental proposal is now subject to a 45-day comment period before finalization.

That matters to agriculture. Modern agriculture is an energy-intensive enterprise. A farmer needs diesel fuel to plant and harvest crops. Grain must be dried and transported. Irrigation pumps require electricity or fuel. Fertilizer production is energy intensive. Livestock operations require electricity for ventilation, feeding, watering, refrigeration and other systems. Grain elevators, ethanol plants, meat processors, trucking companies and agricultural manufacturers all depend upon reliable and reasonably priced energy. Consequently, energy regulation imposed upstream can become an agricultural cost downstream. A modest increase in the cost of a major input can have a meaningful effect on net farm income. This makes it important to examine greenhouse-gas regulation through a cost-benefit lens rather than simply assuming that regulation is costless.

The Importance of Reliable Electricity

A modern livestock operation cannot afford frequent or prolonged interruptions in electricity. Neither can a grain elevator, feed mill, dairy, irrigation operation or food-processing facility. Agriculture increasingly depends upon electricity for activities that once relied almost entirely upon mechanical or fossil-fuel energy. The trend toward automation, electronic monitoring, precision agriculture, robotic equipment, computerized irrigation and data-intensive farm management will only increase that dependence. Electricity therefore is not merely another household expense. It is a production input.

When electricity becomes unreliable or substantially more expensive, the effect can work its way through the entire agricultural supply chain.³ A regulatory policy that makes dependable generation more difficult or expensive therefore can have consequences far beyond the power plant itself.⁴

1. 1 U.S. Environmental Protection Agency, "EPA Finalizes Repeal of 2024 Power Plant Regulations, Delivering \$300+ Billion in Savings, Proposes Repeal of All Remaining Greenhouse Gas Emissions Standards for Power Plants," Sept. 14, 2026; and EPA, "Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants," updated Sept. 14, 2026.
2. 2 Id.
3. 3 USDA, Agricultural Marketing Service, USDA Agri-Food Supply Chain Assessment: Program and Policy Options for Strengthening (2022) (noting that loss of electrical power can cause total losses of perishable foods in cold storage)
4. 4 [See U.S. Dep't of Agric., Econ. Research Service., The Relationship Between Energy Prices and Food-Related Energy Use in the United States \(June 5, 2017\)](#) (finding that electricity is a major energy input



The Hidden Cost of Regulating Farm Machinery

On February 12, 2026, EPA finalized rescission of the 2009 greenhouse-gas Endangerment Finding and repealed subsequent federal greenhouse-gas standards for light, medium and heavy-duty on-highway vehicles and engines. EPA estimated more than \$1.3 trillion in savings from 2027 through 2055, including reduced vehicle costs. This is also significant for agriculture because tractors, combines, trucks and other agricultural equipment are expensive capital assets.

The rule did not eliminate every environmental requirement applicable to agricultural equipment. EPA specifically stated that the action concerned greenhouse-gas requirements and did not alter standards for traditional air pollutants; CAFE standards administered by NHTSA were also not affected.⁵

But the broader economic principle is important. When government mandates increasingly complicated technology in machinery, the cost ultimately gets borne somewhere. It can appear in the purchase price of the equipment, the cost of maintenance, repair requirements, fuel systems, replacement parts, financing costs or reduced equipment availability. For a large farmer replacing a \$500,000 combine, even relatively small percentage changes in acquisition cost can translate into substantial dollars. For a smaller operator, the consequences can be even greater.

The result of deregulation should not necessarily be that farmers stop purchasing more efficient equipment. Quite the contrary. Farmers have strong economic incentives to conserve fuel, reduce unnecessary passes across fields, improve machinery efficiency and maximize output per unit of input. The difference is who makes the decision. The farmer is generally in a better position than federal regulators to determine which technology makes economic sense on a particular farm.

Deregulation and Environmental Stewardship

There is a tendency in political debate to frame the issue as a choice between regulation and environmental destruction. That is a false choice. Farmers have direct economic incentives to protect soil, water and natural resources. A farmer's soil is a productive asset. Erosion reduces productivity. Poor nutrient management wastes money. Soil compaction reduces yields. Water contamination can create liability and regulatory consequences. Poor grazing management can reduce carrying capacity. Agriculture is therefore capable of being environmentally responsible without every desirable practice being converted into a federal regulatory mandate.

The question is not whether agriculture should be good stewards. The question is whether stewardship is best accomplished through voluntary innovation, market incentives and sound agronomic practices—or through an ever-expanding federal regulatory structure. There is a substantial economic difference between the two.

throughout the food system and that farm production, food processing, wholesale/retail, and other stages respond to changes in electricity prices). See also USDA, Economic Research Service, Agricultural Energy Use and the Proposed Clean Power Plan (Sept. 2014) (explaining that electricity is used on farms for irrigation, livestock heating and cooling, and other operations, and that higher energy costs can affect agriculture indirectly through energy-intensive inputs such as fertilizer).

5. 5 U.S. Environmental Protection Agency, “Fact Sheet - Affected Regulations,” EPA-420-F-26-001 (Feb. 12, 2026).



Regulation and Unintended Consequences

Suppose a regulation increases the cost of operating a diesel-powered tractor. The farmer does not simply absorb that cost. The farmer may plant fewer acres, postpone equipment purchases, reduce other expenditures, delay hiring, or attempt to substitute another input. Now multiply that decision across thousands of farms. The result can be lower investment throughout rural America.

The same principle applies to energy. When reliable generating capacity retires before adequate replacement capacity becomes available, electricity prices and the risk of reliability problems can both increase.⁶ That affects not merely utilities but every business that depends upon electricity.

The agricultural economy is particularly vulnerable because the farm sector is embedded in a long supply chain. Farmers buy fuel, fertilizer, machinery, seed, chemicals and electricity. They sell commodities to elevators, processors, ethanol plants, livestock feeders and exporters. Those businesses transport, process and distribute agricultural products. A regulatory cost imposed at one point in the chain can therefore be transmitted through many other points.

The Global Problem

Suppose the United States imposes costly greenhouse-gas requirements on domestic producers while foreign competitors face substantially lower regulatory costs. Production does not necessarily disappear. It can move. The United States can end up importing products that are produced elsewhere under less stringent environmental standards while American producers lose market share.⁷

From an economic standpoint, that can create the unusual result of imposing costs on American businesses without producing a corresponding reduction in worldwide emissions. That is especially relevant to agriculture. American agriculture is among the most productive agricultural sectors in the world. American farmers produce enormous quantities of food and fiber with relatively few workers. Policies that unnecessarily increase American production costs can weaken that comparative advantage. That does not help American farmers. And it does not necessarily help the environment.

Rural America Needs Economic Growth

There is a broader social consequence. Rural communities need businesses. They need farms that remain profitable. They need young people who can afford to remain in the community. They need equipment dealers, feed stores, cooperatives, elevators, veterinarians, banks, accountants, attorneys and other professional services. When farm profitability deteriorates, the consequences are not confined to the farm family. A farmer who postpones purchasing a new tractor affects the machinery dealer. A farmer who reduces fertilizer purchases

6. 6 See Federal Energy Regulatory Commission, 2026 Summer Energy Market and Electric Reliability Assessment, Staff Report (May 29, 2026) (discussing generation additions and retirements, electricity demand growth, and potential reliability challenges under extreme operating conditions).

7. 7 OECD, Pursuing Higher Environmental Goals for Agriculture in an Interconnected World 8–9 (2023), <https://doi.org/10.1787/99d917ab-en>; see also OECD, Agricultural Policy Monitoring and Evaluation 2025: Making the Most of the Trade and Environment Nexus in Agriculture (2025).

affects the local retailer. A farmer who sells livestock early because of economic pressure affects the livestock market. A farmer who cannot justify hiring another employee affects the local labor market.

Agriculture is an economic ecosystem. Reducing unnecessary regulatory costs can therefore have multiplier effects throughout rural America.

Consumers Benefit

Every American ultimately pays for the cost of energy and transportation. Higher energy costs affect food production, processing, refrigeration and transportation. A regulatory regime that makes those inputs more expensive can ultimately contribute to higher food costs. EPA's February 2026 economic analysis estimated more than \$1.3 trillion in savings from rescinding vehicle greenhouse-gas standards, including an estimated \$1.1 trillion in reduced costs for new vehicles and approximately \$200 billion in avoided electric-vehicle charging infrastructure costs.⁸ Those are EPA estimates, not independent forecasts, but they illustrate the scale of the agency's asserted economic impact. Lower transportation and energy costs can work their way through the agricultural supply chain. That matters to every family standing in a grocery store.

Markets and Technology

Innovation rarely occurs because government officials know which technology will ultimately succeed. Innovation occurs because millions of people experiment. Farmers try different tillage systems.⁹ Equipment manufacturers develop more efficient engines. Seed companies develop varieties that perform better. Livestock producers improve feed efficiency. Entrepreneurs develop technologies that reduce fuel use or increase productivity. Some ideas succeed. Others fail.¹⁰

Markets allocate capital toward the technologies that consumers and businesses believe are economically valuable.¹¹ That process is imperfect. But it has one enormous advantage over centralized regulation: the decisions are distributed among millions of people who possess localized information. A farmer knows the soil type, weather patterns, machinery constraints, labor situation and economics of his or her operation far better than a federal regulator in Washington. The farmer should have substantial freedom to decide how best to respond.

The Proper Role of Government

-
8. 8 U.S. Environmental Protection Agency, "Economic Impact: Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act," EPA-420-R-26-002 (Feb. 2026).
 9. 9 Andrew B. Rosenberg & Steven Wallander, [Adoption of conservation tillage has increased over the past two decades on acreage planted to major U.S. cash crops](#), USDA Economic Research Service (Oct. 25, 2022).
 10. 10 Jonathan McFadden, Eric Njuki & Terry Griffin, [Precision Agriculture in the Digital Era: Recent Adoption on U.S. Farms](#), USDA Economic Research Service, Economic Information Bulletin No. 248 (Feb. 2023).
 11. 11 See, e.g., Friedrich A. Hayek, [The Use of Knowledge in Society](#), 35 Am. Econ. Rev. 519, 524–28 (1945).



None of this means that government has no legitimate role in environmental policy. The federal government has important responsibilities involving genuine air pollution, water quality and interstate environmental problems. EPA continues to administer numerous environmental requirements affecting agriculture and other sectors. The issue is one of legal authority, economic proportionality and institutional competence. Congress writes the laws. Agencies administer them. Courts interpret them. Farmers and businesses respond to them. When an agency attempts to transform broad statutory language into authority over enormous portions of the national economy, questions of statutory authority and separation of powers become particularly important.¹² EPA's February 2026 Endangerment Finding rescission expressly relied upon its interpretation of Clean Air Act Section 202(a).¹³ The September 2026 power-sector action likewise rests on EPA's interpretation of Clean Air Act Section 111 and relevant Supreme Court precedent. Those legal positions are subject to judicial review, and litigation may affect the ultimate durability of the regulatory changes.

But the economic question is separate and straightforward: What does America gain when government removes regulatory costs that are not producing commensurate benefits? For agriculture, the potential benefits can include lower machinery and transportation costs, greater energy reliability, stronger investment incentives, greater flexibility in production decisions and potentially stronger competitiveness in world agricultural markets.

Conclusion

The best argument for greenhouse-gas deregulation is not that greenhouse gases are irrelevant. Nor is it that every environmental regulation is misguided. Greenhouse-gas emissions create a global externality, which means the economic case for regulation cannot be evaluated solely by looking at the compliance costs imposed on American farmers and businesses. Thus, whether a regulation produces benefits commensurate with its economic costs and whether the regulation is within the agency's statutory authority should be the key focus and, as such, the government should exercise humility before imposing costs on an economy as complex as American agriculture. The 2026 greenhouse-gas regulatory rollback represents a movement in that direction.

For agriculture, the potential benefits extend well beyond the farm gate. More affordable energy, lower transportation costs, greater equipment choice and increased economic flexibility can strengthen farm businesses and rural communities. For consumers, the benefits can appear through lower costs and greater product availability. For American society generally, the larger benefit may be less visible but equally important: a government that recognizes the limits of its own ability to centrally manage a complex economy.

Good environmental stewardship remains important. So does clean air. So does clean water. So does conservation. But those objectives do not require treating farmers, manufacturers, energy producers and consumers as if they cannot make rational decisions without federal supervision. America's agricultural producers have demonstrated for generations that they can innovate, conserve and adapt. They should be given the freedom - and the economic incentive - to continue doing so.

12. 12 See [West Virginia v. EPA](#), 597 U.S. 697 (2022); [Utility Air Regulatory Group v. EPA](#), 573 U.S. 302 (2014).

13. 13 U.S. Environmental Protection Agency, "Final Rule: Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act," Feb. 12, 2026.

For more information about this publication and others, visit AgManager.info.
K-State Agricultural Economics | 342 Waters Hall, Manhattan, KS 66506-4011 | www.ageconomics.k-state.edu
Copyright 2026: AgManager.info and K-State Department of Agricultural Economics

