



August 15, 2018

Mr. Andrew Wheeler
Acting Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, D.C. 20460

RE: Docket ID Nos. EPA–HQ–OAR–2018–0167; FRL–9980–37–OAR “Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020”

Dear Acting Administrator Wheeler:

I write on behalf of the 850,000 members of the United Steelworkers union (USW) regarding Renewable Fuel Standard Program standards for 2019 and Biomass-Based Diesel Volume for 2020. Our union believes that reducing the U.S.’s reliance on foreign oil and focusing on energy independence is a meaningful policy goal not just for strategic and employment reasons, but for our environment as well. These reductions can be achieved through multiple methods including domestic production, refining, increased technology advancement for automobile fuel standards and the use of advanced fuels. However, current RFS policy has led to increased foreign imports of biofuels, including biomass-based diesel fuel, undermining Congressional intent of the RFS.¹

USW is the largest refining union in the United States - representing over 30,000 members in that sector. In addition to the refining sector, our members work for many impacted parties connected to RFS regulations – including manufacturers of small engines and ethanol producers.

Since USW began commenting on RFS policy in 2014, the EPA has highlighted limitations in the availability of qualifying renewable fuels and factors that constrain supplying those volumes to the vehicles that can consume them. The Energy Information Administration (EIA) highlights that overall gasoline usage has significantly declined since the passage of the Energy Independence and Security Act (EISA) of 2007, which set the overall levels for the RFS. EIA highlights as of February 2016 that motor gasoline consumption has not exceeded its previous peak in 2007. Improvements in light-duty vehicle fuel economy are largely responsible for this

¹ https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=M_EPOORDB_IM0_NUS-Z00_MBBL&f=M

outcome.² Lower levels of gasoline demand reduce the opportunity for ethanol or other advanced fuels to be blended into the system compared to estimates made when EISA passed. This reduced availability of additional biofuels to blend into the system creates logistical and technological challenges commonly known as the “blend-wall”. This has led to significant cost impacts for refineries as compliance costs related to Renewable Identification Number (RIN’s) pricing, which has wildly fluctuated based off of no logical demand structure, creates uncertainty for refineries and undermines long term investment strategies for domestic refining.

We urge the Agency to maintain the policy articulated in the proposed 2019 RVO and not to deviate from sound policy and the law by trying to fashion any form of retroactive reallocation. A possible reallocation, undertaken well after the relevant RFS compliance periods have concluded, would create an un-level playing field in the market among fuel providers and is fundamentally unfair, imposing a financial penalty on refineries that have otherwise been in compliance with the law.

Hardships related to RFS compliance costs and the blend-wall are well documented by merchant refineries and press. In January of 2018, USW represented Philadelphia Energy Solutions filed for bankruptcy, which created significant uncertainty for thousands of USW members and tens of thousands of related refinery jobs. The company ultimately shed \$200 million dollars’ worth of RIN credits in bankruptcy, which aided the facility’s continued operation.³

USW encourages the EPA to develop realistic biofuel assumptions that recognize the significant changes in fuels policy and the continued inability of commercially viable cellulosic biofuel to enter the market.

Thank you for the opportunity to comment.

Sincerely,



Roxanne Brown
Legislative Director

² <https://www.eia.gov/todayinenergy/detail.php?id=25072>

³ <https://www.reuters.com/article/us-usa-biofuels-pes/philadelphia-energy-solutions-gets-court-nod-over-rins-burden-relief-idUSKCN1HC02Z>