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RIN 2060-AU42 / Docket ID: EPA-HQ-OAR-2019-0136

United States Environmental Protection Agency
Office of the Administrator, Room 1101A
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re: Comments of the United Steelworkers on Proposed Rule RIN 2060-AU42; Renewable Fuel Standard Program: Standards for 2020 and Biomass-Based Diesel Volume for 2021, Response to the Remand of the 2016 Standards, and Other Changes

Dear Administrator Wheeler:

These comments are submitted on behalf of the 850,000 members of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("United Steelworkers" or "USW"). The USW represents working people across multiple sectors, including approximately two thirds of domestic petroleum refining, accounting for 30,000 well-paying, community supporting jobs at over 75 locations across the country, and also represents workers in the biofuel industry at ethanol facilities. Through national pattern bargaining the union has achieved a form of sectoral bargaining in refining and has worked with the industry to advance the safety and livelihoods of our members. America's workers and sustainability should be a top priority in the decision to make any changes to the Renewable Fuel Standards (RFS) program.

We oppose the proposed amendments to the definitions in the RFS percentage standard formula. This proposal will cause harm with its reallocation of forecasted small refinery exempted requirements.

Our union has opposed an increase of the renewable volume obligation (RVO) as the impact to merchant refining is significant.¹ Recent studies show that

¹ <http://www.fuelingusjobs.com/library/public/documents/17-08-01-USW-Roy-Houseman.pdf>

the RFS program and year-over-year increase of the RVO is actually detrimental to the environment. The push to increase ethanol production has led to the expansion of crop agriculture and depletion of grasslands, wildlife habitat, and natural resources. According to Aaron Smith, professor of agricultural and resource economics at the University of California, Davis, “The ensuing expansion and intensification of crop agriculture has transformed the landscape, leading to a cascade of negative impacts on wildlife habitat, water resources, and the climate.” The National Wildlife Federation has agreed, and stated, that the current RFS policy is harming the environment.²

The decisions made on this policy should be made based on data, not political opportunity. The data does not support the continual year-over-year increase to the RVO. Nor does it support this proposed change in policy to use speculative projected volumes of exempted gasoline and diesel produced by small refineries when those exemptions, as a whole or individually, have not been adjudicated by the agency. The proposed rule acknowledges that projections are uncertain – even for aggregate exempted volumes – so we urge the agency to abandon this proposal.

Despite the false narrative, there has been no demand destruction with the issuance of small refinery exemptions (SREs). As University of Illinois agriculture economist, Scott Irwin, points out, ethanol consumption for 2018 dropped for the first time since 1998, but overall fuel consumption was down as well causing no actual ethanol demand destruction.³ In the first quarter of 2019, the rate of ethanol blended into fuel increased over the previous year.⁴ Therefore, these proposed changes are seeking to solve a problem that does not exist.

Reallocating the projected volumes of exempted small refineries is contrary to the purpose of the intent of the RFS policy and has the potential to put refining jobs at risk. This decision will add to the volatility of the already unstable and unregulated market for renewable identification number (RIN) credits. This is a particular concern at the merchant refining sites the union represents where the refinery is the point of obligation for compliance, but where they do not control blending and must purchase RIN credits on the open market. For example, when Philadelphia Energy Solutions (PES) filed for bankruptcy in 2018, they cited RIN costs as a major factor.⁵ An

² <https://www.nwf.org/Home/Latest-News/Press-Releases/2019/03-07-19-Biofuels-Environmental-Harm>

³ <https://farmdocdaily.illinois.edu/2018/12/more-on-small-refinery-exemptions-and-ethanol-demand-destruction.html>

⁴ <https://www.eia.gov/totalenergy/data/monthly/pdf/sec10.pdf>

⁵ <https://www.bizjournals.com/philadelphia/news/2018/03/27/court-approve-philadelphia-energy-pes-bankruptcy.html>

uncontrolled and unmanageable increase in RIN prices has the potential to affect the viability of merchant refining sites and the excellent jobs they provide.

The quality and conditions of the work in the refining and biofuel industries, and the people performing the work, must be considered in any decision made on the policies affecting them. The average wage for a refinery worker is between \$36 and \$50 per hour with Bureau of Labor Statistics (BLS) highlighting a median wage of over \$70,000.⁶ Through our union's bargaining, these workers also have good healthcare, safety standards, and retirement security. The federal government requires biofuel to be blended with the conventional fuel product, but with this mandate there are no labor standards requirements for the biofuel industry. BLS does not monitor for wages of ethanol production workers, but reports are that the average wage is \$14 per hour.⁷ With the lack of pay transparency, the union has reviewed online sites and found pay in ethanol production to be significantly less than refinery production. A 2015 industry article highlights that 47% of operators make under \$50,000 a year.⁸ If the federal policy is going to mandate growth in this sector, there should also be a policy to lift the standards for the working people in this industry.

The USW supports complete RFS reform and RIN market regulation. This decade old policy needs reform that relies on available data, considers environmental impact, and puts working people first. In the absence of comprehensive reform, USW urges EPA to withhold from finalizing this supplemental rule change and leave the definitions unchanged for 2020. We ask EPA to reconsider its decision to reallocate projected exempted 2020 volumes to non-exempt refiners. As a stakeholder representing the majority of domestic refining workers, we ask that our members, and all working Americans, be considered as a top priority in the rulemaking process for the RFS policy.

Sincerely,



Anna Fendley

Director of Regulatory and State Policy

⁶ https://www.glassdoor.com/Salaries/refinery-operator-salary-SRCH_KO0,17.htm

⁷ https://www.glassdoor.com/Salaries/plant-worker-ethanol-salary-SRCH_KO0,12_KE13,20.htm

⁸ <http://www.ethanolproducer.com/articles/12096/>