

Congress of the United States
Washington, DC 20515

March 22, 2020

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

Dear Administrator Wheeler:

As Members of the Texas Delegation to Congress, we are writing to strongly encourage the U.S. Environmental Protection Agency (EPA) to continue to press the case for regulatory relief available to small refineries, particularly in response to a misguided 10th Circuit Court ruling. The failure to defend vital small refinery exemptions (SREs) with all legal options available to the Agency under the renewable fuel standard (RFS) program would directly endanger the livelihoods of refinery workers and their communities in our state and around the nation. EPA must assert its legal options and must act to contain the cost of tradeable credits – called RINs – as soon as possible or risk significant economic damage to our State.

The need for appropriate regulatory relief under the RFS program is especially important in the State of Texas, as Governor Abbott has emphasized to you on several occasions. We are home to 30 refineries that produce roughly one third of US petroleum capacity.^[1] The oil and gas sector employs 361,271 direct jobs in Texas alone,^[2] 100,000 of whom work in refining and petrochemical production.^[3] These numbers do not even begin to capture the countless jobs that the refining sector supports through spending on outside services and tax revenue. In 2018, the industry paid over \$14 billion in state and local taxes and state royalties—revenue that goes to fund schools, health insurance programs like Medicaid and CHIP, child protective services, roads and bridges, and first responders.^[4]

The importance of SREs cannot be overstated. More than a quarter of Texas refineries potentially qualify as small refineries under the RFS.^[5] Although these refineries are small, they matter greatly to their communities. They represent sources of good paying jobs and purchasers of outside services that support local businesses. For example, employees at a refinery in Tyler, Texas, earn an average of \$75,000 per year. By comparison, the median household income of a Tyler resident

^[1] https://www.eia.gov/dnav/pet/PET_PNP_CAP1_DCU_STX_A.htm

^[2] <https://www.tipro.org/newsroom/tipro-energy-reports?id=268>

^[3] <https://businessintexas.com/industries/petroleum-refining-chemical-products>

^[4] <https://www.txoga.org/texas-oil-and-natural-gas-industry-paid-more-than-14-billion-in-taxes-and-royalties-in-2018-up-27-from-2017/>

^[5] <https://www.eia.gov/petroleum/refinerycapacity/>

is \$42,752 a year. This same small refinery also spent nearly \$33 million in 2018 for outside services.

High RINs costs in the past have led to significant financial distress for not only small refiners, but also across the sector and for businesses and consumers that depend on refineries. It is exceptionally worrisome that the price of RINs has increased significantly in response to reports that EPA would not provide statutory SREs.^[6]

We urge the EPA to maximize opportunities for regulatory relief under the RFS. Containing RINs costs and preserving SREs is essential not only to the small refiners who depend on the hardship waivers, but also for countless communities across the State of Texas and elsewhere.

Sincerely,

Rep. Chip Roy

Rep. Kevin Brady

Rep. Louie Gohmert

Rep. Will Hurd

Rep. Bill Flores

Rep. Dan Crenshaw

Rep. Michael Cloud

Rep. Ron Wright

Rep. Jodey C. Arrington

Rep. Pete Olson

Rep. Lance Gooden

Rep. Michael McCaul

Rep. Brian Babin, D.D.S.

cc: The Honorable Dan Brouillette, Secretary, U.S. Department of Energy

^[6] <https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/022620-rin-prices-soar-after-report-about-refinery-exemptions>