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EPA Testimony – August 1, 2017

Thank you for the opportunity to testify on EPA's Renewable Fuel Standard Renewable Volume Obligation proposal. As one of the largest U.S. merchant refiners - with the most East Coast refining capacity - the RFS has a significantly negative impact on PBF Energy.

We welcome EPA lowering overall proposed volumes below last year's requirement. However, we think this still overly aggressive proposal will increase RIN compliance costs, raise consumer prices, and threaten highly skilled domestic refining industry jobs.

To avoid this, EPA should use its waiver authority to reduce the proposed 15 billion gallon conventional biofuel requirement below 14.36 billion gallons. This reduction would accurately reflect the ethanol volume all vehicles and infrastructure can safely handle, based on EIA demand projections.

To compensate for EPA's unachievable conventional requirement, refiners will demand more biodiesel RINs. However, EIA projects domestic biodiesel manufacturers will only produce 1.6 billion gallons this year, perhaps a little more in 2018. This is critically short of the 2 billion gallon 2017 biodiesel mandate, and won't satisfy any additional demand.

Because the U.S. is considering new tariffs on foreign biodiesel, major supplier Argentina is threating to block biodiesel exports to the U.S., which would add to the compliance shortfall.

One or both of these actions would further harm domestic refiners. Consequently, EPA should reduce biodiesel and advanced biofuel volumes in the final rule to reflect EIA production projections AND exercise its waiver authority to reduce this year's biodiesel requirement.

If EPA fails to act, RIN prices will continue skyrocketing after almost tripling this year from the low 30s in February to 88 cents per gallon recently.

Without relief, volatile, inflated RIN prices will continue harming merchant refiners. Philadelphia Energy Solutions specifically cited RIN costs when laying off more than 100 workers *and* cutting employee benefits.

To prevent the situation from getting even worse, the Administration must take these recommended steps. All of which builds the case for my last point: The RIN market is broken.

There are many examples, starting with only one to three companies controlling ALL the cellulosic RINs for sale this year - usually at take it or leave it prices.

We can spend hours on RIN market failings, but EPA's proposed rule expressly rejects working on the most effective solution: making the RVO proportional to a company's ability to blend biofuel into finished fuels.

Doing so would prevent large, typically global, integrated oil companies from using an unintended government subsidy - RIN profits - to drive competitors out of the fuels market. If ignored, the flawed RFS point of obligation will undermine U.S. energy independence and security by expanding reliance on foreign fuels, while eliminating domestic refining jobs.

To correct this imbalance, EPA must consider moving the point of obligation to the “rack seller” in this rule, identical to the point California uses for AB-32.