

Congress of the United States
Washington, DC 20510

November 7, 2017

The Honorable Maureen K. Ohlhausen
Acting Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Dear Madame Chairman,

We write today with concerns about possible market manipulation in the compliance trading system used for the Environmental Protection Agency (EPA)'s Renewable Fuel Standard (RFS) program, known as the Renewable Identification Number (RIN) market. We believe RIN market manipulation – and the resulting market volatility – is negatively affecting the economic stability of East Coast refineries. We ask that your agency investigate and end any possible RIN market manipulation under the jurisdiction of the Federal Trade Commission's Petroleum Market Manipulation Rule.

Over the past four years, RIN prices have fluctuated wildly. Since earlier this year alone, they have spiked over 200 percent. This price volatility creates great uncertainty for obligated parties, especially for merchant refineries like the ones along the East Coast that have limited capability to blend biofuels into their products and need RINS to comply with the RFS program's requirements. East Coast refineries already face slim profit margins, in part, due to their dependence on international markets for crude feedstocks, high gasoline inventories and the competition they face from global refiners. Volatility in the RIN market only adds to the East Coast refineries economic concerns.

Both the biofuel industry and refining industry have publically expressed concerns that market manipulation in the RIN market is occurring and is resulting in volatility and price spikes. Last year, the EPA entered into a Memorandum of Understanding with the Commodity Futures Trading Commission to try to address this concern. Unfortunately, there has been little collaboration between the agencies to clamp down on responsible parties.

Under Subtitle B of the Energy Independence and Security Act of 2007 (EISA), Congress gave the Federal Trade Commission the authority to regulate manipulative or deceptive conduct in wholesale petroleum markets, which was implemented two years later through the Petroleum Market Manipulation Rule. We believe that the language in Subtitle B provides your agency with the authority to investigate market manipulation in the RIN market and the ability to take enforcement actions.

RIN market manipulation hurts all parties and directly harms our constituents. That is why we urgently request that the Federal Trade Commission use its authority to address RIN market manipulation. We respectfully request that you respond in writing and outline the steps that your agency will take to address our concerns. We also request you provide recommendations on any additional measures that can be taken to protect against future RIN market manipulation. Should you or your staff have any questions, please feel free to contact either Laura Gillam in Senator Carper's office at laura_gillam@epw.senate.gov. Thank you very much.

With best personal regards, we are,

Sincerely yours,



Thomas R. Carper
U.S. Senate



Christopher A. Coons
U.S. Senate



Robert P. Casey Jr.
U.S. Senate



Cory A. Booker
U.S. Senate



Lisa Blunt Rochester
U.S. House of Representatives



Patrick Meehan
U.S. House of Representatives