

International Brotherhood of
BOILERMAKERS • IRON SHIP BUILDERS

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March 12, 2018

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Trump:

On behalf of more than 50,000 members of the International Brotherhood of Boilermakers, I write urging you to expeditiously act on sensible reforms to the federal Renewable Fuel Standard (RFS). The cost of the program's credits, called Renewable Identification Numbers (RINs), have skyrocketed in recent years. As a result, the largest refinery on the East Coast, owned by Philadelphia Energy Solutions (PES), was forced to declare bankruptcy. If extremely high RIN costs persist, thousands of union jobs will be at risk and we applaud your efforts to address this important issue.

The International Brotherhood of Boilermakers is a diverse union representing workers throughout the United States and Canada in industrial construction, repair, and maintenance; manufacturing; shipbuilding and marine repair; railroads; mining and quarrying; cement kilns; and related industries.

The domestic refining industry provides our members with thousands of high-paying jobs. When refineries invest in major projects or maintenance projects, known as turnarounds, they typically employ an additional 1,000 or more skilled craft workers. Boilermakers represent workers at refineries engaged in operations and maintenance projects in Ohio, Pennsylvania, California and many other states across the nation. As previously mentioned, the high cost of RINs has already put refining jobs – and nearly the entire East Coast refining capacity - at risk.

All East Coast plants are merchant refineries that have little to no biofuel blending capabilities; and RINs can only be separated from biofuel and used for RFS compliance when the renewable fuel is blended with gasoline. Several market barriers – from permitting hurdles associated new pipelines and terminals to dominant integrated oil company and large marketing firms that control market access – prohibit merchant refiners from building enough blending and blended fuel distribution capabilities to meet their RFS obligation. Given this reality, merchant refiners are forced to buy RINs from their integrated oil company competitors and non-obligated parties that reap windfall profits from RINs, without having to blend one more drop of biofuel into the fuel supply. As a result, in the years running up to its bankruptcy filing, PES spent over \$800

million on RINs alone -- an amount that more than doubles the company's payroll over the same time period. Such costs are unsustainable.

Even in situations where some refiners may not be at risk, high RIN prices leave less capital available for projects, preventing the creation of new jobs. Such a situation undermines job creation and retention among Boilermakers and other construction unions, and isn't good for our refineries either. We have been extremely encouraged about reports highlighting the attention you are paying to this matter. We ask you to develop a proposal as soon as possible that brings RIN prices in line with what was intended at the outset of the program, while continuing to demonstrate your support for biofuel production. Failing to address this issue expeditiously will inhibit new job creation and put more existing union jobs at risk.

Sincerely,

A handwritten signature in black ink, appearing to read "Newton B. Jones", with a long horizontal flourish extending to the right.

Newton B. Jones
International President

cc: William T. Creeden, International Secretary-Treasurer
U.S. International Vice Presidents
Mark Vandiver, Executive Director, Construction Sector Operations