



Los Angeles / Orange Counties Building and Construction Trades Council

Affiliated with the Building & Construction Trades Dept., AFL-CIO

1626 Beverly Boulevard
Los Angeles, CA 90026-5784
Phone (213) 483-4222
(714) 827-6791
Fax (213) 483-4419



RON MILLER
Executive Secretary

October 28, 2019

The Honorable Frank Pallone, Jr.
Chairman
House Committee on Energy & Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Greg Walden
Ranking Member
House Committee on Energy & Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Pallone & Ranking Member Walden:

On behalf of the Los Angeles/Orange Counties Building and Construction Trades Council and the more than 100,000 skilled men and women it represents, I am writing to express deep concern regarding the House Energy & Commerce Committee Environment & Climate Change Subcommittee's upcoming hearing entitled, "Protecting the RFS: The Trump Administration's Abuse of Secret Waivers," will only serve to attack elements of the Renewable Fuel Standard (RFS) program that have served to protect refining jobs. We urge the committee to abandon this approach and focus its efforts on legislative reforms that will help ensure the RFS does not continue to threaten union jobs.

As North America's Building Trade Unions (NABTU) pointed out in a letter last month, granting more legally required Small Refiner Exemptions (SREs) to the RFS over the last few years, without increasing the volumes of biofuel mandated through the RFS in aggregate or for refiners that do not receive SREs, has protected union jobs. This policy has resulted in the compliance credits for the RFS – called Renewable Identification Numbers or RINs – dropping from over 90 cents in November of 2017 to approximately 16 cents recently (and as low as 8 cents not too long ago).

Merchant refiners do not control biofuel blending for the majority of the fuel produced. They must rely on purchasing RINs – often from competitors and on an unregulated market – to comply with the RFS. These refiners are particularly at risk from rising RIN prices and, as a result, even the ones that do not receive SREs have benefited from their issuance. Such relief is critical, because it was only two years ago when merchant refiners were spending more on RINs than on all other costs except for crude oil purchases combined. This situation contributed to the bankruptcy of one refinery and put many other refining jobs at risk.

Additionally, two years of falling RIN prices and significantly more SREs, the percentage of ethanol blended into gasoline has been gradually increasing. In other words, more SREs reduced the demand for RINs, without reducing demand for fuel blended with ethanol, which has caused compliance costs to come down significantly, protecting union jobs in the process.

Despite these realities, several special interests that benefit from the broken RIN system are encouraging Congress to attack the SREs. The Trump Administration also recently threatened to send RIN prices up again by caving to biofuel lobby pressure and issuing a proposal to increase the volume

requirement for all refiners that do not receive SREs. This move threatens to once again put refining jobs at risk. Rather than focusing on this and other important issues associated with the RFS, the Committee seems to be simply adopting the ethanol lobby's attack on SREs in an attempt to score political points in the heartland. We urge the Committee to reverse course. Members of Congress should certainly conduct oversight of the RFS, but they should do so in a manner that fully examines several challenges with the program rather than attacking the one mechanism in the law that has helped protect manufacturing jobs.

Regards,

A handwritten signature in blue ink, appearing to read 'Ron Miller', is positioned below the 'Regards,' text.

Ron Miller
Executive Secretary