OREGON on the bay
CITY OF OPPORTUNITY

CITY OF OREGON OHIO
5330 SEAMAN ROAD • OREGON, OH 43616
www.oregonohio.org

MICHAEL J. SEFERIAN
MAYOR
(419) 698-7045 PHONE
(419) 691-0241 FAX
mseferian@oregonohio.org

April, 2020

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

Dear Administrator Wheeler:

On behalf of our City of Oregon, and in light of economic circumstances facing our state and the nation as a whole due to the COVID19 epidemic, I write requesting you use your authority to immediately waive the renewable volume obligation (RVO) under the federal Renewable Fuel Standard (RFS) as authorized under Section 211(o)(7) of the Clean Air Act (CAA)(42 U.S.C. §7545(o)(7)) as amended by the Energy Independence and Security Act of 2007. The implementation of the RFS is greatly contributing to the severe economic hardship refiners in Ohio and across the country are facing due to the COVID19 induced elimination of fuel demand. The Agency must act now to protect Ohio jobs and regional fuel supplies.

The region's economy depends on advanced manufacturing, which President Trump acknowledged during his visit earlier this year. Our area is the glass capital of the world and home of Fiat Chrysler's Jeep assembly plant. Manufacturing is central to economic progress, with a high multiplier effect that creates numerous direct and indirect jobs.

In Ohio, every one refining jobs supports 16 others. The economic impact of just one of our refineries was estimated to be $5.1 billion each year. Together, Oregon's two refineries supply over 30 percent of Ohio's gasoline and 42 percent of gasoline in southeastern Michigan. They provide 35 percent of Ohio's diesel and 14 percent for Southeast Michigan. This is essential fuel residents use to get to work and school, to power generators and outdoor machinery, and take road trips to visit family.

Oregon's refineries are also specifically important to regional air travel. They supply the vast majority of the fuel to Detroit Metro Airport, airports throughout Ohio, and even the Indianapolis and Pittsburgh. The closure of either refinery would make regional jet fuel supplies harder to come by and consumer and airline costs significantly higher, threatening the air travel and, thus, larger swaths of the Ohio, Michigan and Midwest economy.

The cost of RFS compliance credits – Renewable Identification Numbers (RINs) – have tripled since January. This adds hundreds of millions in compliance costs to Ohio and American refiners generally, which present a clear threat to refinery operations given the massive demand reductions associated with the COVID related travel and lifestyle restrictions. Several reports indicate gasoline demand has decreased 50 percent, with jet fuel demand decreasing more than 70 percent.[1] Such massive demand decreases have already led to significant refining capacity cuts here in our region. Press reports from last month highlighted curtailment of operations at the BP/Husky Refinery, which led to lost work for 1,000 contractors.[2] More recent reports note that the PBF Toledo Refinery is indefinitely delaying restart of the main refining units due to massive fuel demand decreases.[3] Two other North American refineries recently idled – one in Canada and another in New Mexico.

The latest U.S. Energy Information Administration (EIA) projections indicate more pain may be coming. The Agency's Short Term Energy Outlook (STEO) noted large inventory builds and, "forecasts significant decreases in U.S. liquid fuels demand during the first half of 2020 as a result of COVID-19 travel restrictions and significant disruptions to business and economic activity. EIA expects that the largest impacts will occur in the second quarter of 2020."[4]

Refiners cannot afford hundreds of millions of dollars in more compliance costs associated with escalating RIN prices, particularly since recent data shows the RFS can be managed in a way that lowers RIN costs without reducing biofuel use. Until the Administration recently reversed course, as EPA issued small refiner exemptions over the past few years and RIN prices decreased substantially, the percentage of biofuel blended into the nation's fuel supply continued to gradually increase. Taking action to lower RIN costs again will not result in less biofuel blending, but it will protect refining jobs.

In light of these circumstances, EPA must use its waiver authority immediately to avoid the precise severe economic harm the law's waiver provision is designed to address. Not only in relation to Ohio, but with the refining and petrochemical industries contributing some $600 billion annually to the national economy and employing over three million industrial workers in some 33 states, the material threat to the refining sector RIN costs pose given the current crisis constitutes a severe economic harm to particular states, regions, and the Nation as a whole. Significantly reducing biofuel fuel mandates pursuant to CAA Section 211(o)(7) is necessary to protect Toledo's union jobs and Midwestern fuel supplies. I specifically request you reduce the conventional biofuel mandate to a level below the 10 percent ethanol concentration that all engines and infrastructure can handle and reduce the "advanced biofuel" portion of the mandate to level no greater than last year's actual domestic production of fuels that qualify for this category.

Sincerely,

Michael J. Seferian

Michael J. Seferian
Mayor

---

[1] https://www.reuters.com/article/us-health-coronavirus-refinery-runcuts/oil-refiners-face-reckoning-as-demand-plummets-idUSKBN21K0C8

[2] https://www.reuters.com/article/us-refinery-operations-bphusky-energy-to/bp-husky-ohio-refinery-shuts-alky-unit-sends-workers-home-source-idUSKBN2173NL

[3] https://www.hydrocarbonprocessing.com/news/2020/04/pbf-toledo-refinery-to-delay-full-restart-after-completing-turnaround?id=83379116

[4] U.S. Energy Information Administration. *Short Term Energy Outlook.* April 7, 2020. Available at: https://www.eia.gov/outlooks/steo/