



July 30, 2021

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Regan:

I'm writing on behalf of the New Castle County Chamber of Commerce urging the Environmental Protection Agency (EPA) to advance needed reforms to the federal Renewable Fuel Standard (RFS). Failure to act could result in tens of thousands of lost jobs for our region and affect the security of our fuel supply when the state is still struggling with the impacts of the COVID19 pandemic.

The New Castle County Chamber of Commerce is the largest business organization in Northern Delaware. The Delaware City Refinery is a Chamber member and important economic engine for the state. The refinery is the largest source of union jobs in Delaware, directly employing over 500 people, with 300 Building Trades members working onsite for contractors. The refinery also brings in as many as 1,000 additional Building Trades contractors for major maintenance projects.

Many of our other members rely on the refinery for supporting their own businesses. From chicken farmers to mechanical services providers, local restaurants and more – the volume of indirect jobs needed to support these operations is significant. Studies have shown the thousands of jobs supported by the Delaware City refinery generate \$400 million in annual economic value, or one percent of the state's economy. Finally, the refinery also manufactures enough gasoline and diesel to supply the state.

Unfortunately, the unintended consequences of how the federal Renewable Fuel Standard (RFS) is administered is putting this critical business at risk. While complicated, in short, the program requires merchant refiners like Delaware City to buy tradeable credits called Renewable Identification Numbers, or, "RINs," from their "Big Oil" competitors and large retailers that control the only point in the supply chain where RINs are generated.

The flawed structure of the RFS, combined with fuel demand impacts associated with the COVID19 pandemic and mismanagement of the RFS program from the previous Administration, have sent RIN prices soaring to record, unsustainable levels. The U.S. Department of Energy's (DOE's) Energy Information Administration (EIA) noted that 800 million fewer RINs were generated last year than were needed to meet the 2020 standard. RINs cost less than 10 cents at the beginning of 2020, but hit \$2 earlier this year – **a 1900 percent increase**. Delaware City's owner, PBF Energy, has stated that it is spending more on RINs than to operate six refineries. Additionally, EIA data proves there is no relationship between RIN prices and how much biofuel is blended into America's fuel supply.

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The recent ransomware attack and resulting shutdown of the Colonial Pipeline demonstrates the economic havoc widespread fuel shortages reap on regional economies. The sole reason our state was spared the impacts of the Colonial hack is Delaware City Refinery, but if the refinery were to close again, Delaware will face the same shortages and long lines at the pump states to our south recently experienced, if there was another pipeline outage. The regional diversity of fuel production that Delaware City provides is critical to our economy and our energy security, even as the nation looks to expand alternative energy options in the future.

Given these realities, I urge EPA to urgently take action to bring down the price of RINs to help ensure the viability of the Delaware City refinery. As the state's Congressional delegation and Governor Carney pointed out, EPA has many tools in its toolbox to achieve this objective. EPA can partially waive the national standard in response to severe economic harm waiver request several governors submitted over the last year and also lower the 2021 and 2022 standards to levels that ensure more RINs will be generated than are required to meet the standard, which can bring runaway RIN prices under control without adversely impacting the amount of biofuel blended into gasoline or diesel.

EPA must act expeditiously to protect our state's fuel supply, union members, working families, and consumers. Thank you for your urgent attention to this matter.

Sincerely,



Bob Chadwick
President

cc: Hon. John C. Carney, Governor of Delaware
Ron Klain, White House Chief of Staff
Hon. Christopher A. Coons, United States Senator
Hon. Thomas R. Carper, United States Senator
Hon. Lisa Blunt Rochester, United States Representative
Albert Shields, Deputy Chief of Staff, Office of the Governor