



NEW JERSEY GENERAL ASSEMBLY

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Mr. Michael S. Regan, Administrator
U.S. Environmental Protection Agency
Office of Administrator 1101A
1200 Pennsylvania Ave., N.W.
Washington, DC 20460

Dear Administrator Regan:

We want to add our voices to the long list of elected officials deeply concerned about the need to reform the federal Renewable Fuel Standard (RFS). This matter has reached a critical stage in recent years, and we implore you to act before it's too late for the few remaining refiners in our region, including one in South Jersey.

The RFS was a well-intended program when it was established, but the reality is that it isn't working as Congress envisioned. As a result, our region's last few independent refiners suffer severe economic hardship. The blending requirement has been particularly harmful to independent refineries, who generally do not have large-scale blending operations and are thus left with no alternative but to purchase Renewable Identification Numbers (RIN) credits. RINs have skyrocketed in cost for several reasons, including high demand, decreasing supply, speculation in the market by non-refiners, and a flawed program design. The costs have risen to such an extent that independent refiners now spend more money on RINs than on wages, benefits, and capital expenses combined. That is simply unsustainable. Additionally, various sources indicated RINs are adding 15 to 30 cents per gallon to consumer fuel costs when many can least afford high prices at the pump.

Our region's independent refiners are critical to our energy and national security, as they provide much-needed diversity for our national fuel production capabilities. Just 14 years ago, there were a dozen regional refineries, and today, just four remain. To put this into perspective concerning regional fuel supply, the Northeast has lost 1.5 million barrels per day – or roughly 70% – of its refining capacity, making states like New Jersey more dependent than we should be on imported fuel from foreign countries. We cannot afford to continue to jeopardize the survival of our region's refineries, especially when our economy is still recovering from the depths of the pandemic. In addition to RINs themselves adding to consumer pain at the pump, the situation would be significantly worse if skyrocketing costs resulted in more East Coast refinery closures.

America's independent refiners are ready to play a pivotal role in the transition to renewable fuel production - but they will never have this opportunity unless swift action is taken to reform the RFS. Without sensible reforms, we risk making our nation even more dependent on foreign energy sources, which, in a cruel twist of irony, is the very thing the RFS was intended to steer us away from. This would be particularly problematic given recent world events, which have shined a spotlight on how critical it is for American energy to be produced at home.

Therefore, the Biden administration must implement common-sense reforms beginning with amending the proposed 2022 RFS volumes, which will help correct the course of the RFS program while ensuring that biofuel blending will continue in earnest but without driving independent refiners out of business. The EPA should reduce the proposed RFS Volumes by at least 1.5 billion gallons in the short term. The EPA acknowledges that a healthy carryover RIN bank is critical to controlling RIN costs. However, the EPA projects only 1.85 billion in carryover RINs being available, which is a historically low level. This will drive up the cost of RFS compliance even more and harm independent refiners, their workers, and ultimately, consumers.

The EPA should consider solutions such as reassigning the point of obligation away from refiners to parties who control most of the blending in the longer term. Making this simple change would encourage more blending of renewables into our transportation fuels, benefiting our nation's farmers and biofuel producers. The EPA should also consider establishing a system whereby obligated parties can purchase fixed, low-price RINs directly from the EPA for the ethanol requirement if they cannot obtain cost-effective RINs in the market. This is similar to what the EPA already does for cellulosic biofuel, and it could generate revenue to assist with the marketing of biofuels.

Our district is home to numerous popular destination towns such as Asbury Park, Long Branch, and more, all of which depend upon tourists willing to drive to these locations. Additionally, our county is a commercial hub in New Jersey. High fuel costs caused by a broken RFS, or in the worst case, caused by regional refinery closures, would have devastating effects on our communities, our residents, and the businesses that sustain us.

We applaud the efforts of this administration to ensure America takes a leading role in the world on green energy. Still, we must take appropriate steps to protect our domestic refineries, the thousands of union jobs they create, and our energy independence from foreign countries. Therefore, it is imperative that the Biden administration, with your support, implements common-sense reforms to the well-known problems of the RFS program. An excellent first step is making the above changes to the proposed RFS volumes. Thank you for considering our views and working to protect and improve our country's environment.

Sincerely,



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NJ Legislative District 11



Assemblywoman Marilyn Piperno
NJ Legislative District 11

CC: Ron Klain, White House Chief of Staff

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