February 2, 2022

RE: "Renewable Fuel Standard ("RFS") Program: RFS Annual Rules,"
Docket ID No. EPA-HQ-OAR-2021-0324

Dear Administrator Regan:

As a follow-up to the letter that we sent to you last year, we write today with an even greater sense of urgency. While we appreciate your recent attempts to address systemic problems with the Renewable Fuel Standard ("RFS") in your announcement of the proposed Renewable Volume Obligation ("RVO"), the reality is that the EPA's proposed action has made an untenable situation even worse. We stand on the brink of losing tens of thousands of family-sustaining union jobs, along with the last few remaining refineries on the East Coast – refineries which provide our nation with vital transportations fuels home heating fuel, and other products critical to the American economy.

Collectively, our three unions represent 125,000 skilled craft professionals that constitute the Philadelphia, Delaware and Southern New Jersey Building Trades Unions. Our members depend on our regional refineries because they provide one of the highest-paying and most consistent sources of employment for thousands of members, accounting for millions of man-hours every year. When refineries invest in new capital or major maintenance projects, they typically employ an additional 1,000 or more skilled craft workers. However, wildly volatile and often excessive RIN prices have curtailed many of these substantial investments, resulting in a negative impact on many of our members.

Excessively high RIN prices are also threatening President Biden's goal of achieving a greener energy future. America's independent refineries are well-positioned to make historic contributions towards this effort through the incorporation of more renewables into their feedstocks and through process conversions that allow for the production of renewable fuels such as sustainable aviation fuel and renewable diesel. But they will never have this opportunity without RFS reform, because the compliance costs are too high for them to make the necessary capital investments to convert to greener technologies. Simply put, if more American refineries close their doors, both these greener fuels, along with the petroleum-based fuels which we will still need for the foreseeable future, will be produced by plants in foreign countries where environmental regulations are lax, and then shipped halfway across the world to reach our shores – negating any environmental benefit such fuels would provide.

American refineries also produce many of the feedstocks that are critical to making life better. The byproducts produced during the refining process are essential to making N95 masks, as well as the materials necessary to produce solar panels, wind turbines, electric vehicles and the insulation that makes our homes and businesses more energy efficient.

As Congressman Donald Norcross has expressed on multiple occasions, the broken nature of the RFS has also created a national security risk. Although the shutdown of the Colonial Pipeline last spring was relatively short-lived, it demonstrated how quickly our country's economic activity could come to a standstill in the face of a widespread fuel shortage. While states south of Delaware experienced gas shortages and price spikes, our region didn't experience anything like this because we still have a handful of refineries in the Northeast. This incident highlighted the importance of regional diversity of American fuel production.

The RFS as it currently operates is a far cry from its original intent. Congress intended that RIN credits would only ever cost a few pennies per credit – to cover the cost of the required paperwork. But today, multi-national oil conglomerates and large convenience store supply chains have figured out how to commoditize RINs - which doesn't benefit refiners, unions, the ethanol industry or America's corn farmers. This, along with the setting of unattainable blending volumes (like the Agency just did), has frequently sent these credits over $1.00. As a result, domestic refiners are spending hundreds of millions of dollars on compliance costs every year – in many cases more than they spend on salaries, benefits, and capital expenses combined. This is unsustainable and it puts our members' livelihoods in jeopardy as well as our nation's energy security. It also threatens to make us even more dependent on foreign oil, in direct contrast to one of the main purposes of the RFS.

We respectfully urge you to quickly take the following steps to preserve refinery jobs and avert a disaster from occurring:

1. In the short term, lower the 2022 ethanol requirement by at least 1.5 billion gallons to more accurately reflect what can be physically used in the fuel supply given vehicle engine and fueling infrastructure constraints. Even EPA admits that the proposed 15-billion-gallon mandate will be impossible to achieve. Additionally, it is imperative that the Agency create more padding in the RIN bank than suggested in our December letter, especially with the ongoing effects of the Omicron wave of the pandemic, which is creating additional fuel demand destruction.
2. In the alternative, EPA should consider lowering the proposed volumes for 2020 and 2021 by at least an additional 1.5 billion gallons. Doing so would have no bearing on farmers, ethanol producers or the actual amount of blending, because all of this activity has already occurred. Such action would have the same effect as reducing the 2022 conventional biofuel volume by at least 1.5 billion gallons in relation to ensuring sufficient, cost effective RIN supply is available for compliance.
3. Eliminate the proposed supplemental RVO, which makes an unachievable ethanol proposal even more unachievable and adds insult to injury.
4. Advance the longer term, structural changes mentioned in our December letter.

Without swift and meaningful action on this issue, starting with changes to the proposed RVO as stated above, thousands of union jobs and American families will suffer significant financial harm. In addition, energy prices will continue to rise, and our national and energy security will be at even greater risk.

Sincerely,

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