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United States Senate

WASHINGTON, DC 20510

May 18, 2021

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

Dear Administrator Regan:

Congratulations on your confirmation as EPA Administrator in March and thank you for your commitment to protect the health of our communities and our shared natural resources.

I am writing today regarding the Renewable Fuel Standard (RFS) and the Renewable Identification Number (RIN) market. I support the RFS and recognize its significance for renewable fuel production, as well as for farmers and biofuel processors, including those in Pennsylvania. At the same time, I am concerned about the volatile RIN prices and the challenges the instability brings to the program at large as well as our independent merchant refiners.

As you know, the COVID-19 pandemic has had devastating impacts across our nation's economy, including in our nation's fuel markets. Reduced demand for oil and gas, along with actions taken by the previous administration, have resulted in enormous volatility in the RFS markets. This has made it difficult for our nation's independent merchant refiners to meet their RFS obligations. In Pennsylvania, Monroe Energy's Trainer Refinery provides family-sustaining full-time jobs for nearly 500 people, plus a few hundred members of the Philadelphia Building Trades who work on site every day. Depending on the type of project work taking place, they can employ in excess of 1,000 full-time tradesmen and women in our region. As independent refineries struggle to meet RFS obligations, I ask that you and the team at EPA work to stabilize the RFS markets to ensure the continued success of the program.

Of particular concern is the implementation of the RFS compliance trading system used by EPA, the Renewable Identification Number (RIN) market, which has fluctuated wildly as a result of various market forces. The market prices for a biodiesel RIN or a corn ethanol RIN are surpassing all-time high levels. In May of 2020, the price of RINS was 36 cents, and in May 2021, it has now reached \$1.86. I understand that this price volatility creates significant difficulties for independent merchant refineries to plan and comply with the RFS. Allowing RIN prices to spike to these levels makes it extraordinarily challenging for refiners to engage in midterm economic planning and budgeting—let alone to attract capital to undertake long-term major investments that create new, high-quality jobs.

I urge EPA to consider and act quickly to implement strategies to help provide more certainty and price stability in the RIN market. EPA should consider extending compliance time to meet RFS requirements and issuing volume requirements that reflect pandemic related challenges. EPA should also work to finalize volume requirements for 2022 in a timely manner. Additionally, EPA should enhance coordination with the agencies that monitor market behavior, including the Commodity Futures Trading Commission (CFTC) and the Federal Trading Commission (FTC), in order to prevent RIN market manipulation. Fully utilizing the CFTC and FTC's expertise can help provide more stability in the RIN market. Finally, I also ask that you convene a stakeholder meeting, including representation from Northeast refineries and unions, to discuss policies EPA can adopt to help provide much needed stability for the volatile RIN market.

I appreciate your attention to this request and look forward to working with you.

Sincerely,

A handwritten signature in blue ink that reads "Bob Casey". The signature is fluid and cursive, with the first name "Bob" and the last name "Casey" clearly legible.

Robert P. Casey, Jr.
United States Senator