



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

February 18, 2021

U.S. Environmental Protection Agency
Office of Air and Radiation
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Submitted via: www.regulations.gov

**Re: Notice of Receipt of Petitions for a Waiver of the 2019 and 2020 Renewable Fuel Standards;
EPA-HQ-OAR-2020-0322; 86 Fed. Reg. 5183 (January 19, 2021).**

To Whom It May Concern:

I write to thank you for opening this docket, and to reiterate my request that EPA exercise discretion under Clean Air Act Section 211(o)(7)(A)(i) to reduce the nationwide Renewable Fuel Standard (“RFS”) volume mandates to provide relief to refiners in Pennsylvania and elsewhere that continue to be severely harmed by the volume requirements under the RFS.

I have been attempting to draw attention to this issue since 2017, when I first filed a petition for waiver “based upon the high cost of compliance with the Renewable Fuel Standard and the impacts these costs have on the continued viability of the oil refining sector in the Northeast, as well as on the local and regional economies.”

In response to a request from then-Administrator Pruitt for additional information, I subsequently resubmitted that petition on November 2, 2018, and included an analysis of the RFS Program conducted by Dr. Craig Pirrong of the Bauer College of Business at the University of Houston. I have reattached that study to this comment. In particular, I highlighted Dr. Pirrong’s findings that since 2009, seven East Coast refineries had closed, and production capacity had declined by roughly a third. I also noted that compliance with the RFS standard had contributed significantly to the decline, and that the proposed 2019 standards would continue to create a substantial negative economic impact on remaining East Coast refineries and the local and regional economy.

Finally, as I noted in my most recent petition filed May 11, 2020, the continued negative impact of the RFS volume requirements has been significantly exacerbated by the impact of the COVID-19 pandemic which has suppressed international demand for refined products, like motor fuels and diesel. While Dr. Pirrong’s study demonstrates that the costs imposed by the RFS requirement are independently causing actual severe economic harm, the ongoing pandemic is making these harms all the more significant.

Since my previous petitions were filed, conditions have continued to deteriorate. The number of East Coast facilities that have closed has increased to eight and Pennsylvania now has only one remaining large refinery, Monroe Energy’s Trainer facility. In an SEC filing last week, Monroe Energy’s parent

company reported an operating loss at the refinery of \$216 million in 2020 with \$172 million of the loss attributable to RINs expenses. Notably, these costs imposed by the RFS had increased by over a hundred million dollars from 2019, when Monroe's RINs compliance cost was \$58 million. These ballooning costs have also impacted other refineries in the region, including PBF's refinery in Paulsboro, New Jersey, which late last year announced the closure of multiple units and the elimination of over half of its workforce.

As the recent SEC filing vividly indicates, the economic burdens imposed by the RFS volume requirements continue to increase and are presenting extraordinary challenges for refiners operating on tight margins. Without action by EPA to reduce volume requirements, we will see continued to see economic harm in Pennsylvania and the region. I urge EPA to act on my petition and those filed by other governors to finally address this pressing issue.

Thank you for your consideration.

Sincerely,



TOM WOLF
Governor