



International Union of Operating Engineers

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

October 12, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States of America
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Biden:

There is a pressing need to reduce the cost of the federal biofuel mandate, known as the Renewable Fuels Standard, before gas prices grow even higher and jobs are lost due to this public-policy problem. Specifically, the International Union of Operating Engineers requests that the Administration temporarily adjust the Renewable Fuels Standard (RFS) to solve this problem in the short term. The Administration should shave one billion gallons off the RFS ethanol requirement for last year, another billion-gallon reduction for this year and the same adjustment for 2022 to temporarily solve this problem.

The International Union of Operating Engineers (IUOE) is one of North America's leading construction unions, representing over 400,000 hardworking men and women in the United States and Canada. Most members of the IUOE work in the construction sector, operating and maintaining heavy equipment; many of these members are employed in the fossil-fuel industry. Stationary Engineers of the IUOE also operate and maintain oil, gas, and petrochemical facilities across North America.

Independent refiners are currently paying more for tradeable credits to comply with the RFS than they are on all other operating costs combined. The price of complying with the RFS has climbed 2,000% over the last two years, without doing anything to increase the amount of biofuel in the fuel supply. The situation is unsustainable. It adds as much as 30 cents per gallon to consumer prices at the pumps. If the Administration fails to take action, more refiners will close or reduce output and gas prices will continue to climb, without resulting in any more use of biofuel, subverting the policy objective.

Even worse, the revenue from the purchase of "RINs," the tradeable credits mentioned above, does not go into increased production of biofuels. Instead, it lines the pockets of Wall Street traders and others positioned in the market to exploit this distortion. Consequently, if the Administration takes the desired action, there will not be an impact on actual biofuel consumption. Domestic refineries and union workers, however, will see the benefits. Consumers will also see lower gas prices as a result of this action.

JAMES T. CALLAHAN
GENERAL PRESIDENT

JAMES M. SWEENEY
GENERAL SECRETARY-TREASURER

GENERAL VICE PRESIDENTS

ROBERT T. HEENAN

DAREN KONOPASKI

MICHAEL GALLAGHER

GREG LALEVEE

TERRANCE E. MCGOWAN

DOUGLAS W. STOCKWELL

RONALD J. SIKORSKI

EDWARD J. CURLY

CHARLIE SINGLETARY

DAN REDING

WILLIAM LYNN

PATRICK J. KELLY

THOMAS A. CALLAHAN

JOSHUA VANDYKE

TRUSTEES

KUBA J. BROWN

CHAIRMAN

BRIAN COCHRANE

BARTON FLORENCE

JAMES J. WHITE

EDWIN L. CHRISTIAN

GENERAL COUNSEL

MATTHEW G. MCGUIRE

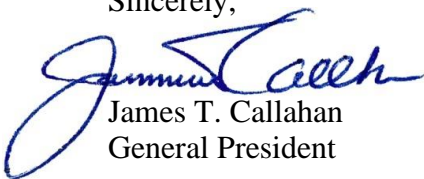


Over the longer term, placing the onus for compliance with the policy on that point in the process where biofuel is blended into gasoline and diesel, at the “Point of Obligation,” rather than independent refiners that have no operations in that part of the supply chain, is the preferred solution. California’s innovative low carbon fuel standard is structured in this way, creating a level playing field among all refiners. Right now, however, gasoline markets require your short-term intervention.

To save jobs and stabilize gas prices, the International Union of Operating Engineers respectfully requests that you reduce the Renewable Fuels Standard requirement for 2020, 2021, and 2022 by one billion gallons.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "James T. Callahan". The signature is stylized and cursive, with a large initial "J" and "C".

James T. Callahan
General President