



International Union of Operating Engineers

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

December 22, 2021

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

JAMES T. CALLAHAN
GENERAL PRESIDENT

JAMES M. SWEENEY
GENERAL SECRETARY-TREASURER

GENERAL VICE PRESIDENTS

ROBERT T. HEENAN

DAREN KONOPASKI

MICHAEL GALLAGHER

GREG LAI

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

Dear President Biden:

The International Union of Operating Engineers respectfully encourages the Administration to lower the conventional biofuels target for 2022 by one billion gallons in its Renewable Volume Obligations final rule. This move will link consumption levels and policy targets for the year, harmonizing the market for Renewable Identification Numbers (RINs) while still supporting the environmental benefits of the policy.

The Environmental Protection Agency's (EPA) new Renewable Volume Obligations (RVO) offer consumers and workers a mixed bag. On the one hand, the Environmental Protection Agency's new 2020 and 2021 levels provide relief for refiners and consumers by setting biofuel volumes that correspond to consumption of renewable fuels. On the other hand, the 2022 ethanol standard is so high that it negates the benefits of the relief provided in 2020 and 2021, keeping the price of RINs artificially high and thwarting the relief offered in the prior two years. The Administration can correct this undesirable outcome by lowering the 2022 target in its final rule.

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. Stationary Engineers of the IUOE also operate and maintain oil, gas, and petrochemical facilities across North America. Thousands of Stationary Engineers are directly employed in the petrochemical and refinery business.

The Administration is proposing to mandate fifteen billion gallons of conventional ethanol for 2022. This target represents over one billion more gallons of ethanol than can possibly be consumed in the fuel supply given vehicle-engine and refueling-infrastructure constraints. Most cars and trucks were not manufactured to handle more than 10 percent ethanol, and the Energy Information Administration estimates that about 138 billion gallons of gasoline will be demanded in 2022. A target of ten percent of that consumption level for renewable fuels is optimal, or roughly a billion gallons less than the EPA-identified target in the proposed rule.



The cost of compliance with unrealistic renewable fuels targets adds as much as thirty cents per gallon to consumer prices at the pump. Setting an unrealistic target for 2022 will, unfortunately, lead more refiners to reduce output and gas prices will continue to climb, without resulting in any more use of biofuel, which clearly subverts the policy objective. It will also cost jobs.

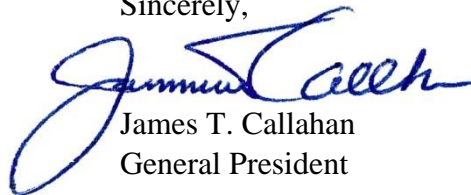
If the EPA simply lowers the ethanol standard to what is achievable in 2022, then there will be enough ethanol RINs available to meet the standard and the prices will fall significantly – with no change to the efficacy of the biofuels policy. Setting the RVO at a level that necessitates the country use more of the bio/renewable diesel RINs to meet the ethanol requirement will keep both the cost of RINs and prices at the pump high.

To save jobs and stabilize gas prices, the International Union of Operating Engineers respectfully requests that the EPA reduce the Renewable Volume Obligation for conventional biofuels in 2022 by one billion gallons in its final rule.

Few singular policy measures could achieve such a dramatic effect on retail prices for gas consumers. A change in this final rule could really help Americans struggling with the prohibitive cost of energy, which is why the IUOE encourages your Administration to pursue this course of action.

Thank you for your consideration.

Sincerely,



James T. Callahan
General President

cc: Michael Regan, Administrator, Environmental Protection Agency