January 31, 2022

Administrator Michael Regan
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

RE: Docket ID No. EPA-HQ-OAR-2021-0324

Dear Administrator Regan:

I'd like to offer the following as my official comments on the Environmental Protection Agency's ("EPA") proposed rule entitled, "Renewable Fuel Standard ("RFS") Program: RFS Annual Rules," Docket ID No. EPA-HQ-OAR-2021-0324, hereinafter referred to as "RFS Volumes."

As a commissioner for the township of Lower Allen, Pennsylvania, I'm writing today to discuss the EPA's recently proposed RFS Volumes for 2020 through 2022. I'm concerned that this proposal will close the independent refineries Central Pennsylvania relies on for refined transportation and home heating fuels, and put countless jobs at risk. Pennsylvania is suffering a deep population loss, so the possibility that excessively high RFS compliance costs could shut down an industry with one of the highest job multipliers in the country is unfathomable.

Monroe Energy's refinery, located in southeastern has created and supports thousands of family-sustaining jobs in the tristate region. A study commissioned by the Pennsylvania Department of Labor and Industry following the closure of three refineries found the following:

> *The employment multiplier for these layoffs in southeastern Pennsylvania is substantial. An estimated 18.3 jobs will be lost for each layoff. The employment multipliers in this industry for the state and the nation are 22 jobs and 61 jobs, respectively. In comparison, Iron and Steel Foundries, which has a significant economic tie to several industries, only has a multiplier of 6.5 jobs for Pennsylvania and 12 jobs for the nation.*

PBF Energy owns and operates refineries in New Jersey and Delaware, both which, like Monroe, depend on many Pennsylvania-based businesses to support their operations. Therefore, when a compliance system threatens the very existence of these economic engines, this increases the likelihood that many young and working Pennsylvanians will leave to find opportunities elsewhere.

These independent refiners are suffering from the unintended consequences created by the current structure of the RFS. Refiners like Monroe and PBF do not blend ethanol – this step occurs well downstream of the refinery - just before a truck leaves the blending rack to bring their products to gas stations. As a result, the only means of compliance with the RFS available for these refiners is through the purchase of compliance credits, known as RINs. The cost of RIN credits have skyrocketed in recent years, and refiners are forced to purchase them no matter the price, leading to an untenable financial situation. One of the main drivers of high RIN costs is that multi-national oil conglomerates and large convenience store chains have commoditized RINs - which doesn't benefit refiners, union employees and contractors, the ethanol industry or America's corn growers. This clearly wasn't the intent of Congress.

Making matters worse, RIN credits for conventional renewable fuel were originally only a few cents, but RFS issues have caused wild swings in the marketplace. Following the release of the proposed RFS Volumes, some reports suggest that RIN prices could even exceed $2, which was unthinkable even just a year ago. RFS compliance costs for Northeast refiners already cost them hundreds of millions of dollars a year, exceeding the cost of salaries, benefits and capital improvements – combined. This is not sustainable and will almost certainly lead to refinery closures and an accompanying increased dependence on foreign energy – the exact opposite of what the framers of the RFS never intended.

It's also worth noting that our region's refineries have expressed a desire to transform their current operations in order to make greener fuels. President Biden has conveyed an aggressive ambition to lower our GHG emissions, and our region's refineries are well positioned to help in this regard. But RFS compliance costs are so high that they are not in a position to invest the capital needed to make the necessary process conversions. That means we lose out on domestic greener energy production, putting thousands of people out of work, many of whom are union members. And we have the great potential to lose these vital economic engines that contribute substantially to our state and the tri state region.

With all of this in mind, I respectful urge you to take the following steps:

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 – especially with the ongoing effects 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.

3. Very soon afterwards, make structural changes to the RFS such as:
   a. Changing the point of obligation under the RFS to the blenders who actually control renewable fuel blending and RIN generation in the first place.
   b. Or allowing refiners to purchase fixed, low-price RINs directly from the EPA for the ethanol requirement if they are not able to obtain cost-effective RINs in the market, similar to what EPA already does for cellulosic biofuel. Such a mechanism could also generate revenue to assist with the blending and marketing of biofuels.

This isn't a partisan issue. It's actually one that has united federal and state Republicans and Democrats from the tristate region. Both houses of each of the legislatures of Pennsylvania and New Jersey overwhelmingly passed resolutions calling for reforms to this broken program, and the Governors of PA, NJ, and DE have also written in support of RFS reform. Our last remaining refineries on the east coast are depending on your agency to make common-sense changes to a program that has had serious, lingering problems over the past three Administrations. For the sake of everyone that depends on these vital facilities, I hope you will do so.

Sincerely,

Thomas Kutz

Thomas Kutz, Commissioner
Lower Allen Township Board of Commissioners
Lower Allen Township, PA