



State of New Jersey

OFFICE OF THE GOVERNOR

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PHILIP D. MURPHY
Governor

June 1, 2021

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

Dear Administrator Regan:

As we have discussed, New Jersey is committed to a 100 percent clean energy future, and has taken several actions to accelerate decarbonization of the transportation sector with the goal of significantly reducing greenhouse gas and criteria air pollutants while also creating new opportunities to invest in our future and grow the economy. We welcome your partnership in helping to make this transition quickly and affordably.

During this transition, we must also take care to protect against market volatility and especially seek to spare the workforce in legacy and fossil fuel industries from wage-threatening shocks. For that reason, I write to respectfully urge you to extend flexibilities to merchant refiners through the renewable volume obligation under the Renewable Fuel Standard (RFS). Providing this flexibility could spare the industry the added costs associated with annual expansion, a potentially difficult task considering the decrease in fuel consumption throughout the Coronavirus Pandemic.

The RFS volume requirements have had negative impacts on refiners in Mid-Atlantic and other states that lack the size and infrastructure to blend ethanol into gasoline and are in turn required to buy credits from companies that have these capabilities. The price of these Renewable Identification Numbers (RINs) is subject to market volatility and can create a lack of stability or predictability for small refiners. For example, this week renewable fuel credits traded for the highest prices since at least 2013 at upwards of \$1.80 per gallon, even as the demand for fuel has decreased. Meanwhile, restrictions necessary to reduce to the spread of COVID-19 across the country resulted in less fuel consumption but did not result in a corollary decreased price for RINs, forcing difficult decisions across the merchant refinery industry.

As we move forward toward a clean energy future in New Jersey and across our nation, we should promote an RFS policy that spares industry and its workforce from market shocks, while ensuring the highest protections for our environment and public health.

I appreciate your attention to this matter as we work to build back better across America.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phil Murphy", is centered on the page. The signature is fluid and cursive.

Philip D. Murphy
Governor