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for the Delaware River and Bay
Leading the Way to Port Progress

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January 28, 2022

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

RE: **Renewable Fuel Standard Program: RFS Annual Rules**
Docket ID - EPA-HQ-OAR-2021-0324

Dear Administrator Regan:

On behalf of the Delaware River port business community, this letter is to express our desire to see the EPA modify the proposed RFS volumes that will provide for greater flexibility in the RIN market, and then for the Biden Administration to take swift and meaningful action to reform the broken RFS program once and for all. The RFS is not operating as Congress intended and without reform, the livelihoods of thousands of people are at risk, and the economic vitality of the tristate region will suffer significant negative consequences.

The Maritime Exchange is a nonprofit trade association dedicated to protecting and promoting waterborne commerce and creating a safe, secure, efficient, and environmentally healthy business climate for our nearly 300 members. The industry we represent sustains meaningful employment for over 75,000 men and women, and we are proud to support these hardworking people.

Refineries in our region (Pennsylvania, New Jersey and Delaware) have been crucial industry partners for generations. These facilities provide family-sustaining livelihoods not only for those who work on ships and at the refineries, but also for maritime workers throughout the region, including vessel agents, pilots, tug companies, barge operators, and a host of others. They also support downstream economic activity, generating indirect jobs at companies dependent on port activity, such as equipment and parts suppliers, maintenance and repair services, office supply firms, and restaurants, just to name a few. In total, the regional port industry supports 135,000 jobs, and each refinery job supports a further 18.3 jobs in our greater community.

For some time, refiners in our region have been under tremendous financial pressure from the RFS. The current structure of the RFS places the obligation to blend renewable fuels like ethanol on merchant refiners who have little or no control over the amount of renewable fuel that gets blended into the transportation fuels that they produce. These refiners are therefore left with only one option to comply with the RFS: Purchase expensive compliance credits known as Renewable Identification Numbers (RINs) regardless of the price.

RINs prices have fluctuated dramatically over the years and unfortunately, due to a number of complex structural problems with the RFS, the price of these credits has soared to as high as $1.98 per credit just last year. To put this into perspective, the largest refiners in our region — Monroe Energy and PBF have spent billions on RFS compliance costs in the past decade alone. To put this into further context, at today's credit prices, Monroe and PBF are spending more on RFS compliance in one year than they do on salaries, benefits and capital costs combined. This is an unsustainable path that represents an existential threat to the continued existence of these facilities.

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Furthermore, our last remaining refineries in the northeast are vital to our energy and national security interests. Last year's cyber-attack on the Colonial Pipeline showed us that having refining capacity in regions beyond the gulf coast is critical. While states south of Delaware experienced price spikes and gas shortages, our region did not and that was in large part because Monroe and PBF were putting vital transportation fuels into the marketplace.

In the short term, EPA should consider making the following modifications to the proposed volumes:

A. **Reduce blending volume requirements:**
    a. This can be accomplished in two ways:
        i. Reduce the 2022 volume targets by at least 1.5 billion gallons so that its aligns with the federal government's own data for the projected demand of ethanol – right now it's set at a level that exceeds engine and infrastructure constraints, **or**
        ii. Reduce the 2020 and 2021 volume targets by the same amount
    b. This will create much-needed liquidity in the RIN market and drive down the cost of compliance for refiners without hindering the overall goals or effectiveness of the program. As you have noted in the proposal, a healthy RIN bank is essential to the program's success.

B. **Alter the 2022 blending volumes by increasing the advanced biofuel portion of the standard and lowering the ethanol portion of the standard, without lowering overall volumes.**
    a. This would alleviate many of the barriers that exist with blending of ethanol, while actually advancing EPA's goals under the RFS with respect to greenhouse gas reduction.

For these reasons and many more, we hope that in the short-term the Agency will revise the proposal as outlined above. Then we believe that the Administration should work on long-term solutions to reform this broken program before it is too late.

Thank you for your time and consideration. Should you have any questions, I can be reached at lisa.himber@maritimedelriv.com or 267-670-7949.

Sincerely,

Lisa B Himber

Lisa B. Himber
President