



NEW JERSEY GENERAL ASSEMBLY

February 9, 2022

Mr. Michael S. Regan, Administrator
U.S. Environmental Protection Agency
Office of Administrator 1101A
1200 Pennsylvania Ave., N.W.
Washington, DC 20460

Dear Administrator Regan:

We would like to add our voices to the growing list of those concerned about the need for critical reforms to the federal Renewable Fuel Standard ("RFS"). This matter has reached a critical stage in recent years, and we implore you to act before it's too late for our regional and South Jersey refiners.

The RFS was a well-intended program when it was established, but the reality is that it isn't working as Congress envisioned, and as a result, our region's last few independent refiners are suffering severe economic hardship. The blending requirement has been particularly harmful to independent refineries, who generally do not have large-scale blending operations, and are thus left with no alternative but to purchase Renewable Identification Numbers ("RIN") credits from the entities that do control biofuel blending, which are often their integrated oil company competitors or large retail chains that blend biofuel into gasoline, but have no RFS requirement. RINS have skyrocketed in cost for a combination of reasons, including the massive fuel demand disruptions from the COVID19 pandemic coupled with an overly aggressive biofuel requirement that did not take into account such factors, speculation in the market by non-refiners, and a flawed program design. The costs have risen to such an extent that independent refiners now devote more financial resources to RINs than almost all other expenses combined, including salaries, wages and benefits. Adding insult to injury, history has shown there is no correlation between the RIN price and the amount of ethanol blended into our fuel supply.

Our region's independent refiners are critical to our energy and national security, as they provide much-needed diversity for our national fuel production capabilities. Just 14 years ago, there were a dozen regional refineries and today, just four remain. To put this into perspective with respect to regional fuel supply, the Northeast has lost 1.5 million barrels per day – or roughly 70% – of its refining capacity, making states like New Jersey more dependent than we should be on imported fuel from foreign countries. We cannot afford to continue to jeopardize the survival of our region's refineries, especially at a time when our economy is still recovering from the depths of the pandemic.

America's independent refiners are also ready to play a pivotal role in the transition to renewable fuel production - but they will never have this opportunity unless swift action is taken to reform the RFS. Without sensible reforms, we risk making our nation even more dependent on foreign energy sources which, in a cruel twist of irony is the very thing the RFS was intended to steer us away from.



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Therefore, it's critical for the Biden administration to implement common-sense reforms beginning with amending the proposed RFS volumes which will help correct the course of the RFS program, while ensuring that biofuel blending will still continue in earnest, but without driving independent refiners out of business. In the short term, the EPA should reduce the overall 2020-2022 volumes by at least 1.5 billion gallons. This can be done by either reducing the 2022 volumes, or by additional reductions to those already proposed for 2020 and 2021. Such an adjustment aligns with the maximum amount of ethanol our fuel supply can handle due to engine and infrastructure constraints, according to both EPA and the EIA. The outcome of reducing volumes as we suggest would be increased RIN availability, with a resulting drop in the price of RINs credits into a range that would provide at least temporary relief to independent refiners, without impacting biofuel consumption. At that point, EPA should look to permanently fix the RFS, once and for all.

We applaud the efforts of this administration to ensure America takes a leading role in the world on green energy, but we must take fair steps to protect our domestic refineries, the thousands of union jobs they create, and our energy independence from foreign countries. It is absolutely imperative that the Biden administration, with your support, implements common-sense reforms to the well-known problems of the RFS program. A good first step is making the above changes to the proposed RFS volumes. Thank you for considering our views, and for working to protect and improve our country's environment.

Sincerely,

Senator Jean Stanfield
NJ Legislative District 8

Assemblyman Mike Torrissi
NJ Legislative District 8

Assemblyman Brandon Umba
NJ Legislative District 8

CC: Ron Klain, White House Chief of Staff
Brian Deese, Director, National Economic Council
Marty Walsh, Secretary of Labor
Gina McCarthy, National Climate Advisor
Dan Utech, Chief of Staff, EPA
Seth Harris, Senior Advisor Labor Policy
Cedric Richmond, Senior Advisor and Director of Public Engagement
Governor Phil Murphy, New Jersey
Senator Robert Menendez
Senator Cory Booker
Congressman Jeff Van Drew
Congressman Andy Kim
Congressman Donald Norcross