



NJ Gasoline, C-Store, Automotive Association
615 Hope Road, Bldg. 2, 1st Floor
Eatontown, NJ 07724
Phone: 732-256-9646
Web: www.njgca.org

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To: Environmental Protection Agency
From: Eric Blomgren, Executive Director,
New Jersey Gasoline, Convenience Store, Automotive Association (NJGCA)

Re: Docket ID No. EPA-HQ-OAR-2024-0505

On behalf of the over 2,000 motor fuel retailers in New Jersey, most of them small and independent business owners, I write to request that the Environmental Protection Agency (EPA) take urgent and immediate action to fix the Renewable Volume Obligations (RVOs) in the recently proposed “Set 2” rulemaking that updates the Renewable Fuel Standard (RFS).

NJGCA has been proudly representing New Jersey’s gas stations, convenience stores, and automotive repair shops since 1937. The small businesses that comprise our membership rely on a reliable supply of refined gasoline and other petroleum products, which are in turn supplied by the hardworking men and women of our nation’s refineries. As such, our members share concerns that the RFS threatens the longer-term viability of the last few remaining independent refineries on the East Coast.

To demonstrate compliance with the RFS, independent refiners must either blend renewables into the fuels that they produce or purchase compliance credits known as Renewable Identification Numbers (RINs). Because most independent refiners –especially those in New Jersey and across the East Coast –lack the necessary infrastructure to partake in large-scale blending, they are forced to purchase these credits. From the program’s onset, RINs were intended to cost a few pennies apiece in order to cover administrative costs. Unfortunately, RIN costs have spun wildly out of control in recent years. In fact at today’s RIN prices, independent refiners are spending hundreds of millions of dollars in annual compliance costs, money they could otherwise be reinvested into their facilities or used to offer their fuel at a lower cost.

Without immediate reform, this dire situation puts countless good-paying jobs at risk, contributes to increased gas prices, and reduces our nation’s ability to self-supply with domestic fuels—the exact opposite outcome Congress intended when the RFS was first signed into law in 2005.

The Northeast has lost 1.5 million barrels per day, or roughly 70 percent, of its refining capacity in the past decade alone. The U.S. should never have to rely on foreign imports to meet its domestic energy demands. Independent refiners have always been critical suppliers of our energy and have

long protected our nation's energy security. Additional further closures caused by the flawed RFS would be a devastating blow to our region and national security.

A broad coalition of local, state, and federal elected officials have all agreed in a bipartisan fashion that fixing the RFS is a critical issue that requires immediate attention. And so have many different entities in the broader business community who are directly impacted by the unintended consequences that are plaguing this broken program.

The EPA's recently proposed blending volumes for 2026 & 2027 are set significantly higher than what is actually capable of being blended and even what the U.S. Energy Information Administration (EIA) has projected will be consumed. If finalized in its current iteration, this proposal would cause RIN prices to remain high over the duration of the rule, threatening further refinery closures nationwide.

Thankfully, there are measures that the EPA can take to protect our nation's independent refining sector while still supporting renewable fuels.

- 1. Set conventional blend mandates at the blend wall and reassign excess volumes to advanced and biomass-based diesel.**
 - a. Doing so would greatly reduce RFS compliance costs without sacrificing renewable fuel volumes.
- 2. Base RVOs on domestic feedstock supply rather than requiring import supply, consistent with the original intent of the program.**
 - a. According to S&P Global's July feedstock assessment, domestic feedstocks are inadequate to meet the rule's proposed biomass-based diesel volume requirements.
- 3. Promptly review the outstanding Small Refiner Exemption (SRE) petitions, *without reallocating* the exempted volumes.**
 - a. EPA has yet to issue decisions on nearly 200 SRE petitions, some as far back as 2016, despite the law requiring that EPA act on petitions within ninety days of receipt.
 - b. Should EPA decide to reallocate SRE volumes, this would suffocate obligated parties in the program while doing nothing to increase the amount of renewable fuel that is produced in the U.S.

On behalf of NJGCA and its members, I respectfully urge you to ensure that EPA carefully review and amend this proposed rule as underscored above. Our region's independent refineries need your help. The Northeast cannot afford to lose even more of its fuel production capacity. Thank you for your consideration and the opportunity to write in today.