



**NEW JERSEY LEGISLATURE
3RD LEGISLATIVE DISTRICT**

EDWARD DURR
SENATOR

BETHANNE MCCARTHY PATRICK
ASSEMBLYWOMAN

BETH SAWYER
ASSEMBLYWOMAN

KINGSWAY COMMONS, SUITE 400
935 KINGS HIGHWAY
WEST DEPTFORD, NJ 08086
PHONE: (856) 433-7391
FAX: (856) 579-7853

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Administrator Michael Regan
U.S. Environmental Protection Agency
Office of Administrator II01A
1200 Pennsylvania Ave., N.W.
Washington, DC 20460

Dear Administrator Regan:

We are joining the sizeable chorus of bipartisan voices pleading for meaningful reforms to the federal Renewable Fuel Standard ("RFS"). We have deep concerns that inaction on the RFS will lead to untold consequences for consumers and for our national energy security. This matter has reached a critical juncture, and we implore you to act before it's too late for the few remaining refiners in our region, including the one in our legislative district.

Although the RFS was well-intended when enacted, today the program is clearly not functioning as Congress envisioned. As a result, our region's last few independent refiners are now spending more money on compliance costs, than they do on wages, benefits, and capital expenses combined. This clearly is not what Congress intended, and it is simply unsustainable.

The blending requirement has been particularly harmful to independent refiners, like those in the Northeast who generally do not have large-scale blending operations, and are thus left with no alternative but to purchase Renewable Identification Numbers ("RIN") credits to comply with the program. RINs have skyrocketed in cost for a variety of reasons including consistently-decreasing supply, coupled with high demand, speculation in the market by non-refiners, and a flawed program design.

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. Moreover, gasoline and diesel daily inventories in PADD1 are either below or at the bottom range of their 5-year average, further exacerbating the current climb in transportation fuel prices that consumers are seeing at the pump.

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 from which the RFS was intended to steer us away. This would be particularly problematic given recent world events which have shined a spotlight on how critical it is for American energy to be produced at home.

Proposed RFS Volumes for 2020 through 2022 Must be Set at Realistic Levels

Beginning with the proposed RFS volumes, the EPA should consider reducing the overall 2022 volumes by at least 1.5 billion gallons. This will not diminish the use of biofuels in the United States as ethanol is needed to raise octane. Refined fuel will still be blended but setting blending targets lower will more realistically align with our actual capabilities to blend, after accounting for engine and infrastructure constraints. The EPA could also consider reducing the 2020 and 2021 volumes by at least 1.5 billion gallons, which would provide relief in the RIN market for obligated parties, but would also not undermine farmers or renewable fuels producers – all of the corn is already grown, and all fuel that could have been blended has already been blended. As EPA notes in the proposed rule, a healthy RIN bank is critical to the overall success of the program because it provides obligated parties with market liquidity. Taking these steps would go a long way towards achieving that goal.

Longer-Term Solutions Must Also be Considered to Fix the RFS

In the longer term, the EPA should consider establishing a system whereby obligated parties can 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. This is similar to what EPA already does for cellulosic biofuel, and it could generate revenue to assist with the marketing of biofuels. The EPA should also consider reassigning the point of obligation away from refiners to parties who actually control the vast majority of blending. Making this simple change would encourage more blending of renewables into our transportation fuels, benefiting our nation's farmers and biofuel producers.

Our district is home to one of only four large refineries left on the East Coast; one of two in the state of New Jersey. This facility is an economic wellspring in our district and beyond. Both direct jobs, as well as countless indirect jobs including those held by union workers, are tied to this facility. Without a fix to the RFS, there may not be a viable future for this facility, which would deal a major economic blow to our communities, our residents, and the businesses that sustain us.

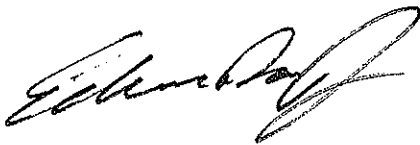
We appreciate the efforts of this administration to ensure America takes a leading role in the world on green energy, but we must take fair steps to protect our domestic refineries, the thousands of union jobs they create, and our energy independence from foreign countries. It is absolutely imperative 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 Edward Durr

Assemblywoman Beth Sawyer

Assemblywoman Bethanne McCarthy-Patrick



New Jersey Legislative
District 3

- CC: Ron Klain, White House Chief of Staff
- Brian Deese, Director, National Economic Council
- Marty Walsh, Secretary of Labor
- 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 Donald Norcross
- Congressman Jeff Van Drew