

NEW JERSEY STATE LEGISLATURE

LEGISLATIVE DISTRICT OFFICE
30TH DISTRICT

ROBERT W. SINGER
SENATOR
SenSinger@njleg.org

SEAN T. KEAN
ASSEMBLYMAN
AsmSKean@njleg.org

EDWARD H. THOMSON
ASSEMBLYMAN
AsmThomson@njleg.org

June 1, 2022

Sent via Email to ronald.a.klain@who.eop.gov:

Ron Klain, Chief of Staff
Office of the President of the United States
1600 Pennsylvania Ave., N.W.
Washington, DC 20500

Dear Mr. Klain:

We are contacting you on behalf of our constituents in Monmouth and Ocean Counties to add our voices to the long list of elected officials who are deeply concerned about the need to reform the federal Renewable Fuel Standard ("RFS") program. The program is exacerbating consumer pain at the pump and, if unaddressed, the few remaining independent refiners in our nation, including here in New Jersey.

The original goals of the RFS are certainly laudable, but the reality is that it is not working as Congress intended. As the program currently stands, it's raising consumer fuel costs up to 30 cents per gallon by some estimates. The blending requirement has also been disproportionately harmful to independent refiners, who generally do not have large-scale blending operations, and are thus left with no alternative but to purchase hundreds of millions of Renewable Identification Numbers ("RIN") credits. RINS have skyrocketed in cost for a combination of reasons including overly aggressive RFS volume mandates leading to a decreasing RIN supply, speculation in the market by non-refiners, and a flawed program design. Independent refiners are now spending more to comply with the RFS than on all other operational costs combined, which is unsustainable.

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. In addition to RINs themselves adding to consumer pain at the pump, the situation would be significantly worse if skyrocketing RFS compliance costs cause additional East Coast refinery closures.

OCEAN COUNTY OFFICE
1771 MADISON AVENUE, SUITE 202
LAKEWOOD, NJ 08701
PHONE: 732-987-5669
FAX: 732-901-0587

MONMOUTH COUNTY OFFICE
1967 HIGHWAY 34, BUILDING C, SUITE 202
WALL, NJ 07719
PHONE: 732-974-0400
FAX: 732-974-2564

America's independent refiners are 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. 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.


Therefore, it is critical for the Biden administration to implement common-sense reforms beginning with amending the proposed 2022 RFS volumes which will help correct the course of the RFS program. This can be done in a manner which ensures that biofuel blending will still continue in earnest, but without driving up consumer fuel costs and putting the longer term viability of independent refiners in question. In the short-term, the EPA should reduce the proposed 2022 RFS volumes for ethanol by at least 1.5 billion gallons, or reduce the 2020-2021 ethanol volumes by the same amount. The EPA acknowledges that a healthy carryover RIN bank is critical to controlling RIN costs, however, the EPA projects only 1.85 billion in carryover RINs being available, which is a historically low level. This will drive up the cost of RFS compliance even more and harm independent refiners, their workers and ultimately, consumers.

In the longer term, the EPA should consider solutions such as 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. The EPA should also 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.


Our district is one of the fastest growing in New Jersey and families have been impacted by rising inflation, including the cost of fuel. High fuel costs caused by a broken RFS, or in the worst case, caused by regional refinery closures would have devastating effects on our communities, our residents, and the businesses that sustain us.

We agree that America must take a leading role in the world on green energy, but we must take fair steps to lower consumer fuel costs and ensure the continued operation of our domestic refineries, the thousands of union jobs they support, and our energy independence from foreign countries. It is absolutely imperative that the Biden Administration 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.


Sincerely,



Robert W. Singer
Senator, 30th District



Sean T. Kear
Assemblyman, 30th District



Edward H. Thomson
Assemblyman, 30th District

CC:

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
Governor Phil Murphy, New Jersey
Senator Robert Menendez
Senator Cory Booker
Congressman Chris Smith
Congressman Frank Pallone