North America's **Building Trades** Unions

#BuildingTradesWhateverItTakes

February 4, 2022

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

Re: Renewable Fuel Standard (RFS) Program: RFS Annual Rules
EPA-HQ-OAR-2021-0324

Dear Administrator Regan,

On behalf of North America's Building Trades Unions, its fourteen affiliated national and international unions, and the over 3 million construction industry employees they represent, I write to express our strong concern regarding the proposed Renewable Volume Obligation (RVO) for the 2022 Renewable Fuel Standard (RFS). The refining industry works closely with our affiliated unions' members across the country and provides the unionized construction industry with thousands of high-paying, middle class sustaining job opportunities. While we support the Administration's efforts to accelerate the country's transition to more renewable fuels, the proposed RVO target for 2022 would have clear and direct negative impacts on the industry and on the livelihood of our members.

The proposed 15-billion-gallon target is simply unachievable. It will therefore put pressure on the market for Renewable Identification Numbers (RINs) and negatively impact the ability of the industry to invest in the future. RIN prices are already artificially high: In January of 2020 ethanol RINs cost just 10 cents; at one point in 2021 they rose exponentially to nearly two dollars; and prices have still not receded to a reasonable level, now trading over $1.15. At this level, the cost of RINs for many small refiners is greater than all other operating costs. As refiners face larger gaps between their production capability and the RVO, the price of RINs is likely to continue to skyrocket.

Increased RIN prices do not create an incentive for refiners to increase the supply of ethanol in the fuel system. Instead, they hamper the refiners' financial capacity to make capital investments and pursue alternative energy projects, like renewable diesel conversions, thereby damaging their ability to employ skilled-labor.

Moreover, the proposed 2022 RVO level far exceeds what, according to the U.S. Energy Information Administration, the market will realistically be able to absorb. Finally, various estimates show that the increased RIN costs have already added as much as 30 cents per gallon to gasoline prices, an amount that will certainly increase under the proposed rule, putting additional financial stress on our members, their families, and their communities.

While we commend the Environmental Protection Agency for responsibly proposing to revise the 2020 and 2021 RVOs to reflect market consumption, we encourage your administration to consider changes to add stability and functionality to this unstable process. Most importantly, EPA should lower the 2022 RVO to below 13.8 billion gallons to more accurately reflect the amount of ethanol capable of being produced and used in the fuel supply. The 1.2-billion-gallon delta between this number and the figure proposed by the EPA is well-known across the industry. It will undoubtedly cause a rapid increase in RIN prices as the market recognizes the forthcoming shortage of RINs, a sequence of events that is likely to trigger the negative cycle of lay-offs and decreased capital investment identified previously.

Thank you for your consideration of these recommendations. Again, we stress that an unattainable RFS and an increasingly dysfunctional RIN market are a direct threat to union jobs and the well-paying pathways to the middle class they represent across the country.

Sincerely,

Sean McGarvey
President