



October 22, 2021

President Joseph R. Biden, Jr.  
1600 Pennsylvania Avenue  
Washington, DC 20500  
c/o Office of Legislative Affairs

Dear Mr. President:

As Members of the Delaware County Democratic Delegation of the Pennsylvania House of Representatives, we write today to ask your support for independent refineries and the family-sustaining union jobs they create by considering reforms to the Renewable Identification Number (RIN) markets. While RIN reforms would benefit local refineries nationwide, this issue is of particular importance to our constituents, many of whom work at Monroe Energy in the city of Chester.

As you know, domestically sold highway transportation fuels are mandated by the Renewable Fuel Standard (RFS) to contain a minimum volume of renewable fuels, including ethanol. In order to comply, independent refineries like Monroe Energy must purchase RINs to meet RFS obligations due to their limited ability to control the levels of renewable fuels combined into diesel and gasoline. We understand that the RFS program's success in reducing carbon emission, a critical component to preventing climate change, however, we are concerned that the rapid variations of RIN prices are unintentionally negatively impacting our independent refineries.

When the RFS program initially launched, RIN credits cost only a few cents. However, the cost of RINs has reached as high as \$2.00 per credit due to swings in the market value. This market volatility has required independent refineries to expend hundreds of millions of dollars annually to comply with the RFS program, making RINs the largest operational cost for these companies.

Specifically, the Monroe Energy facility will pay twice as much to comply with the RFS program at current RIN prices than it cost to buy the entire company merely a decade ago. These drastic swings in RIN market prices have led to bipartisan support for proposed reforms to the RFS program in Congress and in several states, including from Pennsylvania Governor Tom Wolf.

Although we are generally supportive of the RFS program and understand its importance to agriculture and renewable fuel industries, the current system leaves independent refineries—which should be part of our climate change solutions—at a competitive disadvantage. As such, we kindly urge you to consider the following action items to address the negative impact the current RFS program has on Pennsylvania's independent refiners:

1. Examine the financial hardships RFS compliance places on independent refineries and consider potential solutions such as:
  - a. providing the EPA with a stronger hand in stabilizing RINs pricing;

- b. studying the drivers of this market volatility and long-term implications for the market and RFS program;
  - c. improving coordination with other relevant federal agencies that protect against market manipulation; and
  - d. considering reconfiguring the RFS compliance system to more fairly distribute this obligation across the manufacturing chain, and weighing any other solutions that would provide independent refiners with greater RIN cost containment and price certainty;
2. Recognize the unprecedented economic crisis presented by the COVID-19 pandemic and consider allowing for greater flexibility in repayment of RINs obligations by independent refiners; and
3. Convene a stakeholder meeting, including representation from organized labor representing workers at refineries, to discuss items 1 and 2 above, as well as other related matters.

In our efforts to encourage reforms to the RFS program, next week the Pennsylvania House of Representatives is expected to support a House Resolution 148, originally introduced by Rep. Kirkland in whose district Monroe Energy is located. The resolution urges the Environmental Protection Agency to exercise its authority under the Clean Air Act to revise and update the RFS program to provide independent refineries the relief they so desperately need.

The current structure of the RFS program is unsustainable for independent refineries like Monroe Energy and without reforms, it places thousands of our constituents at risk of losing their family-sustaining union jobs. We encourage your administration to collaborate with the Pennsylvania Congressional Delegation and their colleagues to implement solutions that will address the financial burdens of our independent refineries, while meeting the needs of our climate goals.

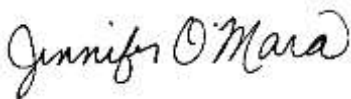
Sincerely,



Brian Kirkland  
159<sup>th</sup> Legislative District



Mike Zabel  
163<sup>rd</sup> Legislative District



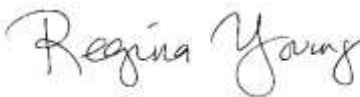
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