



Pennsylvania Manufacturers' Association

February 3, 2022

RE: “Renewable Fuel Standard (“RFS”) Program: RFS Annual Rules,” Docket ID No. EPA-HQ-OAR-2021-0324

Dear Administrator Regan:

The Pennsylvania Manufacturers' Association is the nonprofit, statewide trade organization representing the manufacturing sector in Pennsylvania's public policy process. Headquartered just steps from the state capitol in Harrisburg, PMA works to improve Pennsylvania's ability to compete with other states for investment, jobs, and economic growth. We offer the following remarks in regard to the “Renewable Fuel Standard (“RFS”) Program: RFS Annual Rules,” Docket ID No. EPA-HQ-OAR-2021-0324.

The EPA's proposed rule setting Renewable Volume Obligations for 2020, 2021, and 2022 under the RFS threatens countless businesses in Pennsylvania and throughout the country, especially those that contract with refineries for goods, services, and a reliable supply of energy. Manufacturers in Pennsylvania depend on an affordable and reliable energy supply to meet the needs of our vast and complex supply chains and distribution networks. In addition to providing manufacturers with a stable supply of energy and fuels, refiners also produce other constituent elements that are critical to the production of so much more, like clothes and makeup, to N95 masks, solar panels, etc. As such, domestic refineries are indispensable partners in making everyday life possible and thus, many of our members depend on them remaining in business.

Unfortunately, the current structure of the RFS has been pushing our independent refineries to the brink of closure. As a result of its flawed structure, the few remaining refineries in the Northeast are now spending more on RFS compliance credits called “RINs” than on salaries, benefits, and capital expenses combined. This clearly wasn't what Congress intended, but inaction and a failure to address longstanding issues with the program has created this predicament. This current environment is unsustainable and puts these vital facilities in jeopardy of having to close their doors.

Thousands of Pennsylvanians rely on independent refiners such as Monroe Energy and PBF Energy for family sustaining careers including members of the building trades. Tens of thousands more depend on the work being done at these refineries, both up and downstream – especially the pipe suppliers, valve manufacturers, chemical companies, and other businesses that depend on refineries to sell their goods and services. Continued inaction on RFS reform is putting these jobs at risk.

Without a change to the program's current structure, starting with the proposed blending requirements for 2020, 2021 and 2022, the goals of the program will not be met and we will actually become more dependent on foreign energy – the exact opposite of what its architects intended.

The Agency took the right approach to revising the 2020 and 2021 standard to reflect biofuel actually consumed in the market, but it proposed a 2022 ethanol standard that is so high, it negates any benefits that might be realized in the RIN market. In fact, the EPA proposed 2022 blending volumes that exceed the federal government's own projected demand for ethanol beyond what can even be physically used in the fuel supply given engine and refueling infrastructure constraints. This will cause an already depleted RIN bank to erode further, sending RIN prices even higher. Some reports have even stated that, due to a depleted RIN bank, refiners will be forced to rely on higher priced D4 RINs for compliance.

Therefore, it is imperative that EPA reduce the 2022 ethanol volume requirement by at least one and a half billion gallons in the final rule. This reduction would more accurately reflect the federal government's own projected ethanol demand for 2022. Or EPA could also consider lowering the 2020 and 2021 volumes by the same amount to rebuild the currently depleted RIN bank – something that EPA acknowledges is extremely important in providing a liquid and well-functioning RIN market. Failure to make meaningful reductions in the final rule would put our domestic fuel supplies and supply chains at further risk.

From the pandemic, to cyber-terrorism pipeline disruptions, and other challenges beyond control, we have seen the fragility of our supply chains and distribution networks. The Biden administration should be doing everything it can to ensure that our nation's refineries can remain fully operational in the face of those challenges so that Americans don't suffer further job losses or higher energy costs.

On behalf of the manufacturers of Pennsylvania, we urge the EPA to revise this rule.

Respectfully,



Carl A. Marrara

Vice President of Government Affairs