Congress of the United States
Washington, DC 20510

October 6, 2021

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Regan:

We applaud your efforts to transition to a clean energy future and create good, family-sustaining jobs. As we work towards this goal, we also must highlight the need to protect against market disruptions that threaten the livelihoods of workers. Therefore, we write to you today out of concern for our constituents, both employees and employers, who drive the refining industry in New Jersey and throughout the region. Recently, Renewable Identification Numbers (RINs), which refiners in the state and region rely on, have skyrocketed in price, threatening the stability of the industry. Without reform, refiners are at risk of closing, jeopardizing the wages of New Jersey residents. Moreover, the high cost of RINs could lead to further refinery closures and a loss of domestic refining capacity that could put America's military readiness at risk. Therefore, we urge you to take action to protect America's workers and our national security.

The Renewable Fuel Standard (RFS) was implemented to reduce greenhouse gas emissions and expand renewable fuels, while also reducing reliance on imported oil and enhancing the nation's energy security. The RFS requires refiners to blend ethanol into gasoline, or purchase RINs from those that blend more than their individual requirement. However, East Coast and other independent refiners do not own and operate the large, wholesale distribution centers and retail outlets where RINs can be created, leaving them with no option other than to purchase RINs for the majority of their compliance obligation. Initially, RINs credits cost a few cents. However, since RINs are traded in a marketplace that can be prone to speculation, prices have recently shifted from under ten cents per gallon in 2020 to one dollar and ninety-eight cents per gallon – an increase of over 1800%. However, the current RFS structure has not increased the amount of ethanol blended into the gasoline supply, even though RINs prices have skyrocketed.

Independent refineries report that paying for RINs now exceeds operational costs, and they state they are having to make hard choices such as reducing the workforce and production. Additionally, several sources indicate current RIN prices add over 22 cents per gallon to consumer fuel costs. If the current situation is not addressed, refiners will not be able to absorb any more added costs, and we will almost certainly see additional bankruptcies like Philadelphia Refinery. The resulting decrease in domestic production could have long-term impacts on America's refining capacity and result in the loss of tens of thousands of good-paying union jobs.

We ask that you take swift action to fix the RFS system and provide appropriate relief to domestic refiners experiencing economic hardship due to inflated RINs, especially as the industry continues to deal with downturns from COVID-19. Specifically, we urge you to take action that results in lower, more stable, and predictable RINs prices that allow independent refiners to maintain operations. We appreciate your attention to this matter and look to you to lead the way on substantive reforms that fairly support America's independent refiners and the family-sustaining jobs they provide, while also protecting the original goals of the RFS.

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