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MICHIGAN HOUSE OF REPRESENTATIVES

JOHN N. DAMOOSE

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May 31, 2022

The President
The White House
1600 Pennsylvania Ave., N.W.
Washington, DC 20500

Dear Mr. President:

I am deeply concerned that the way the EPA's Renewable Fuel Standard (RFS) program is currently structured is raising consumer costs as much as 30 cents per gallon and, if unaddressed, will have significant negative impacts on America's independent refiners that could threaten our national energy independence and energy security.

As you are well aware, the RFS program requires independent refiners to demonstrate compliance with the program by blending biofuels into the fuels they produce, or by purchasing compliance credits, known as Renewable Identification Numbers – or RINs. Unfortunately, many independent refiners do not have large-scale blending operations and are therefore must purchase RINs in a largely unregulated marketplace. Due to the unregulated and nontransparent nature of the marketplace, RIN costs have skyrocketed and remain extremely volatile. However, refiners are still required to bear the burden and pay these costs, which amounts to billions of dollars every year. Many refiners now spend more in RFS compliance costs than all of their other operating costs – combined.

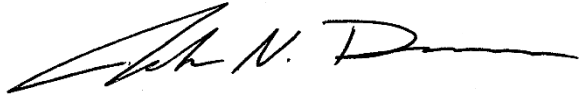
Congress did not intend for the RFS program to operate in this manner, and it is impacting a nearby refinery that serves the state of Michigan. That refinery is the Toledo Refining Company, which contributes a regional economic impact of \$5.4 billion. The plant also supports 8,000 jobs, including hundreds of Michiganders. Further, regional refineries like the one in Toledo supply about 42% of the Southeast Michigan fuel supply. Other independent refiners across the country have similar impacts to their own communities and regions.

In addition to the financial impacts on independent refiners, independent experts have concluded the RINs are adding 20 to 30 cents per gallon to gasoline prices. Fixing the RFS is one way that the President could help provide meaningful relief for consumers, including my constituents, at the pump at a time when they desperately need it.

While the issues outlined above need to be addresses through meaningful RFS reforms, I would also like to comment on the **EPA's proposed Renewable Volume Obligation (RVO) for 2022**, which is at the White House for final review. The 2022 RVO was set at 15 billion gallons, but the federal government themselves predict that actual ethanol demand will be 13.5 billion gallons. Consequently, I urge you to lower the 2022 RVO by 1.5 billion gallons to better reflect the actual projected ethanol demand for 2022. Doing so will also provide desperately needed, but short-term relief in the RIN market, without impacting ethanol consumption.

I fear that continued inaction on the malfunctioning RFS program will result in sustained high gas prices for consumers, the potential loss of thousands of good-paying jobs, and loss of our regional fuel supply here in Michigan. Now is not the time to sit idly by with so much on the line.

Sincerely,

A handwritten signature in black ink, appearing to read "John N. Damoose". The signature is fluid and cursive, with a long horizontal stroke at the end.

Representative John Damoose
Michigan House District 107

CC: Ronald Klain, Chief of Staff, White House
Michael Regan, EPA Administrator
Brian Deese, Director, National Economic Council
Marty Walsh, Secretary of Labor
Dan Utech, Chief of Staff, EPA
Seth Harris, Senior Advisor Labor Policy
Cedric Richmond, Senior Advisor and Director of Public Engagement
Governor Gretchen Whitmer, Michigan
Senator Debbie Stabenow, Michigan
Senator Gary Peters, Michigan