

**BOARD OF COUNTY COMMISSIONERS
CAPE MAY COUNTY, NEW JERSEY
RESOLUTION**

No. *35-22*

**RESOLUTION URGING THE PRESIDENT OF THE UNITED STATES AND
THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY TO TAKE
APPROPRIATE ACTION TO ISSUE WAIVERS AND IMPLEMENT OTHER
REFORMS TO ALLOW FOR THE BLENDING OF RENEWABLE FUELS
UNDER THE FEDERAL "CLEAN AIR ACT," WHILE CONTAINING COSTS
FOR INDEPENDENT REFINERS**

WHEREAS, in the last year, spiking, volatile Renewable Identification Number ("RIN") prices and the dramatic reduction in the use of fuel triggered by the COVID-19 pandemic has been well below RFS estimates, devastating United States refiners, which led to a shortage of RINs and eight refinery closures across the country; and

WHEREAS, the United States Environmental Protection Agency (EPA) has authority from Congress to waive the RFS program's renewable fuel requirements "in whole or in part" if the EPA Administrator determines that "implementation of the requirement would severely harm the economy" of a State, a region, or the United States, which is apparent; and

WHEREAS, many independent refiners already struggle with slim margins and the RFS program's RIN requirements, as well as the manner in which the unregulated RIN market operates without oversight and subject to speculation and fraud, all of which are currently inflicting serious economic harm on those businesses; and

WHEREAS, current RFS compliance expenses exceed refineries' annual costs for labor, utilities and maintenance expenses combined, making such compliance costs refineries' largest expense other than purchasing crude oil; and

WHEREAS, RINs have dramatically increased from as low as 10 cents each at the beginning of 2020 to nearly \$2.00 in June 2021, resulting in roughly 30 additional cents per gallon to the cost of making gasoline; and

WHEREAS, harmful financial effects of the complex RFS program are especially severe in current market conditions, with demand for refined products significantly depressed by the COVID-19 pandemic and not expected to fully recover in the near future; and

WHEREAS, the pandemic caused unprecedented year-over-year decline in demand for petroleum and other liquid fuels, leading to temporary, partial and permanent refinery closures, including the mothballing of the fuels section of the Paulsboro Refinery in New Jersey, and other capacity reductions throughout the United States; and

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WHEREAS, U.S. Department of Energy (DOE), Energy Information Administration (EIA) production data has repeatedly shown for several years there is no relationship between RIN prices and the amount of ethanol actually blended into the nation's gasoline supply; and

WHEREAS, EIA recently noted that in 2020, 800 million fewer RINs were actually generated than what was required to meet the 2020 RFS volume obligation, causing a shortage of available RINs, especially when combined with hoarding by unregulated, non-industry speculators; and

WHEREAS, prior to the pandemic, state and regional refineries support over 16,500 New Jersey union labor and other jobs, compensating these employees with more than a billion dollars total, while adding \$4.2 billion to state gross domestic product (GDP) and generating over \$12.3 billion in total economic output; including payment of more than \$382 million in state taxes. Unfortunately, some of those jobs were lost due to a partial shutdown attributable to the economic impacts of COVID-19; and

WHEREAS, refining and petrochemical industries contribute approximately \$600 billion annually to the national economy and employ over three million industrial workers in 33 states; with increasing dependence on imported fuels threatening those industries and potentially affecting supplies; and

WHEREAS, the recent Colonial Pipeline hacking incident has exposed the vulnerability of our nation's energy supply, highlighting the need to keep our refineries open to fuel our economy; and

WHEREAS, on June 1, 2021, Governor Phil Murphy wrote to the EPA urging them to extend flexibilities to merchant refiners through the renewable volume obligation under the Renewable Fuel Standard; and

WHEREAS, Assembly also urges the President of the United States and United States EPA to take appropriate action to issue waivers and implement other reforms to allow for the blending of renewable fuels under the federal "Clean Air Act," while containing costs for independent refiners; and

WHEREAS, Assembly Joint Resolution No. 238 passed the State Assembly on June 24, 2021 by a vote of 70-0, and the State Senate on June 30, 2021 by a vote of 35-0.

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NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Cape May that it hereby respectfully urges the United States Environmental Protection Agency to exercise its waiver authority, pursuant to section 211(o)(7)(A)(i) of the "Clean Air Act," 42 U.S.C. s.7545(o)(7)(A)(i), to reduce nationwide Renewable Fuel Standard volume mandates in order to provide relief to refiners in New Jersey, on the East Coast, and elsewhere.

BE IT FURTHER RESOLVED that the Board of County Commissioners of the County of Cape May also respectfully urges the President of the United States and the United States Environmental Protection Agency to establish reasonable 2021 and 2022 Renewable Fuel Standard volume mandates, which are in line with actual gasoline and diesel demand, and to make the reforming and restructuring of the Renewable Fuel Standard program a national priority, so as to maintain low and stable Renewable Identification Number prices while allowing for the continued blending of renewable fuels, consistent with the original intent of the program.

BE IT FURTHER RESOLVED that the Clerk of the Board shall forward a certified true copy of this resolution to the Governor of the State of New Jersey; Lieutenant Governor of the State of New Jersey; the New Jersey State Legislature; the members of the Cape May County Legislative Delegation; New Jersey League of Municipalities; all County Boards of County Commissioners; the Mayor and Council of all towns within the County of Cape May and Sharon Seyler, Deputy Director of Government Affairs for Duane Morris Government Strategies, 124 West State Street Trenton, NJ 08608-1102.

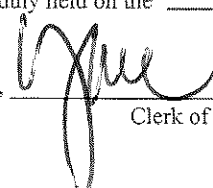
STATEMENT

This Resolution urges the President of the United States of America and the United States Environmental Protection Agency to take appropriate action to issue waivers and implement other reforms to allow for the blending of renewable fuels under the federal "Clean Air Act," while containing costs for independent refiners.

STATE OF NEW JERSEY} ss.:
COUNTY OF CAPE MAY}

I, Kevin Lare, Clerk of the Board of County Commissioners of the County of Cape May, State of New Jersey, do hereby certify that the foregoing is a correct and true copy of a resolution adopted by the Board at a meeting duly held on the _____ 25th _____ day of

January _____ 2022.

Signed,  Clerk of the Board /dd

RECORD OF VOTE						
Commissioners	Ayes	Nays	Abstain	Absent	Moved	Second
Mr. Desiderio	✓				✓	
Ms. Hayes	✓					✓
Mr. Morey	✓					
Mr. Pierson				✓		
Mr. Thornton	✓					

√ - Indicates Vote Moved-Resolution Offered Second-Resolution Seconded