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

Dear Administrator Regan:

I am submitting comments today pertaining to the Environmental Protection Agency's (EPA) recently proposed Renewable Fuel Standard (RFS) volume requirements for 2020 through 2022. Pennsylvania's last remaining independent refineries and the tens of thousands of hardworking union members and businesses that support these vital facilities are under a serious threat because of these requirements.

The RFS program was created to reduce greenhouse gas emissions and expand the nation's renewable fuels sector while reducing reliance on imported oil. Unfortunately, this program has veered far off course and is now in reality threatening to make us even more dependent on foreign oil.

For the better part of the past three Administrations, there have been programmatic challenges related to the RFS which are well documented. While I could spend the bulk of my comments addressing each one, I would like to narrow my focus, as I know my legislative colleagues intend to highlight other important points in their comments.

Simply put, if the proposed RFS blending requirements are adopted in their current form, there is a high likelihood that the few remaining refineries in the northeast will be forced to close their doors forever. It's important to note that these critical facilities not only provide vital transportation and home heating fuels to various states in the northeast, but other companies also depend on the byproducts from these facilities to make medical equipment, solar panels and so much more.

Additionally, I would be remiss if I didn't highlight that the people affected by refinery closures are not isolated to just their direct employees. Rather, tens of thousands of people in numerous other industries would also be negatively impacted. We know this because [a 2012 study conducted by the Pennsylvania Department of Labor](#) found that refineries in Delaware County, Pennsylvania had a job multiplier of 18.3 in the region, 22 across the state and 61 across the nation. Clearly, there is a lot to lose if the EPA takes actions that ultimately lead to refinery closures.

As it pertains to the proposed blending volumes, I offer the following thoughts:

RIN bank and gas prices:

To operate successfully, the 2022 RFS program will need a RIN bank that is significantly larger than the 1.85 billion RINs that is being projected by EPA. As a percentage of the proposed 2022 renewable volume requirements, a bank of 1.85 billion RINs represents a historically low level. The bank is already drawn down to levels that fail to provide adequate market liquidity, and the proposed 2022 volumes will make the problem even worse. The lack of an adequate RIN bank and excessively high 2022 volume requirements in the proposed rule have led to higher prices for RINs (and predictions of even higher prices) since EPA issued its proposed rule in December.

As EPA points out, "A bank of carryover RINs is extremely important in providing a liquid and well-functioning RIN market upon which success of the entire program depends, and in providing obligated parties compliance flexibility in the face of substantial uncertainties in the transportation fuel marketplace." (Page 72449). So why then would the Agency propose volumes that don't

provide the market liquidity it acknowledges is vital for obligated parties especially while we are still dealing with fuel demand destruction caused by the pandemic?

EPA staff continue to wrongfully assume that independent refineries and refinery workers are not harmed by the RFS because of the theoretical ability to “pass-through” high RIN costs to consumers. EPA continues to ignore expert studies which refute the pass-through theory but, even assuming EPA staff is correct, that means consumers are paying higher prices at the pump. The cost to consumers has been estimated to be as much as thirty cents per gallon at the pump. Lowering the cost of RINs is one of the few policy measures that would have an immediate, beneficial impact on retail prices for gasoline consumers.

The implied conventional renewable volume requirement of 15 billion gallons is too high:

EPA acknowledges in the proposed rule that it expects conventional ethanol use “will fall short of the implied 15 billion gallon volume in 2022 by roughly 1.2 billion gallons.” Setting an unrealistic and unattainable implied conventional renewable volume level will force obligated parties to rely on greater volumes of biodiesel and renewable diesel, including imported fuels, and/or the already depleted RIN bank to offset the shortfall. Maintaining a 15 billion gallon implied conventional renewable volume requirement means that the price of D6 ethanol RINs will be linked to the higher priced D4 and D5 RINs. This will drive up the cost of RFS compliance even more and harm refineries, refinery workers and consumers. For economic, environmental, and energy security reasons, EPA should lower the implied conventional volume to projected ethanol use.

Maintaining an aggressive Total Renewable Fuel Volume:

If EPA is committed to maintaining an aggressive 2022 total renewable fuel volume requirement, it could alternatively address the problems created by an unrealistic and unattainable implied conventional renewable volume of 15 billion gallons by lowering the conventional biofuel volume and raising the advanced biofuel requirement. This would have energy security, economic and environmental benefits, including lower GHG emissions.

In closing, it’s important to note that high RIN prices have done nothing to increase the percentage of biofuels blended into our nation’s fuel supply; I therefore find it difficult to see how they benefit America’s farmers or ethanol producers. I can, however, see how high RIN prices benefit those that have figured out how to commoditize a compliance system, which was never the intent of Congress when developing the program. Therefore, on behalf of the tens of thousands of Pennsylvanians supported by the domestic energy industry, I respectfully ask that the EPA take meaningful steps in the short term to revise the proposed blending requirements to more accurately reflect market realities, and then take the necessary steps to reform this broken program once and for all.

Sincerely,

Honorable Jake Corman
President Pro Tempore
Pennsylvania Senate