



**WAYNE A. SCHMIDT**

37TH DISTRICT  
P.O. BOX 30036  
LANSING, MI 48909-7536

**THE SENATE**  
**STATE OF MICHIGAN**

PHONE: (517) 373-2413  
TOLL-FREE: (855) 347-8037  
FAX: (517) 373-5144  
senwschmidt@senate.michigan.gov

May 27, 2022

Ronald Klain, Chief of Staff  
Office of the President of the United States  
1600 Pennsylvania Ave., N.W.  
Washington, DC 20500

Dear Mr. Klain:

The EPA's Renewable Fuel Standard (RFS) program, while well-intentioned, is raising consumer fuel costs and imposing significant strain on our country's independent refiners due to its current structure. If unaddressed, RFS compliance costs will continue causing economic hardship for consumers in Michigan and beyond, while threatening the longer term viability of America's independent refiners.

As you already know, the RFS program requires refiners to comply with the program by either blending biofuels into the fuels they produce or by purchasing Renewable Identification Numbers (RINs). However, independent refineries often do not have the capability for large-scale blending operations, so they must purchase RINs in a largely unregulated and nontransparent market to comply with the RFS program. Due to the RINs market being unregulated and nontransparent, the cost of RINs have skyrocketed and remain highly volatile to the point where refiners now spend billions of dollars just on RFS compliance. Congress never intended the program to operate this way and if left un-checked, could have devastating impacts on refiners as well as consumers.

One such refinery that the RFS is negatively impacting is the Toledo Refining Company, which employs several hundred Michiganders and provides a \$5.4 billion economic impact to our region. Additionally, regional refineries including the one in Toledo supply about 42% of all finished transportation fuels to the southeastern part of our state. The Toledo refinery also plays a major role in jobs – they alone support 8,000 jobs and every job at the refinery results in a job multiplier of 16.

Studies have shown that the RFS is adding up to 30 cents per gallon of gasoline at the pump for consumers. Fixing the RFS is one way in which President Biden could provide meaningful relief for consumers at the pump, something we desperately need here in Michigan and across the country.

While true changes need to be made to the RFS program as a whole to address the issues above, I would like to voice my concerns with the **EPA's proposed Renewable Volume Obligation (RVO) for 2022**, which was recently sent to the White House for final review. The 2020 and 2021 proposed RVOs were set at reasonable levels, but the 2022 proposed RVO is actually 1.5 billion gallons higher than the federal government's own projected ethanol demand for the year. Knowing this, the final rule should be lowered from 15 billion gallons to

13.5 billion gallons to better reflect the actual projected ethanol demand. This will also provide much-needed short-term relief in the RIN market, while ensuring that we do not deplete the RIN bank further.

Michigan cannot afford to see continued high gas prices, the potential loss of jobs, and loss of our fuel supply. As such, I respectfully urge you to take the actions outlined above to avoid these devastating consequences of continued inaction.

Sincerely,



Wayne A. Schmidt  
Michigan State Senator  
37<sup>th</sup> District

CC: 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  
Senator Gary Peters