



# STEAMFITTERS LOCAL UNION 420

ANTHONY GALLAGHER  
*Business Manager*

KEVIN HEFFERNAN  
*Financial Secretary/Treasurer*

February 15, 2017

The Honorable Catherine McCabe  
Acting Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

RE: Comments on Proposed Denial of Petitions for Rulemaking to Change the RFS Point of Obligation, 81 Fed. Reg. 83,776 (Nov. 22, 2016), EPA-HQ-OAR-2016-0544

Dear Madam Administrator:

As the Business Manager of the Steamfitters Local Union 420 which represents 4600 skilled craftsmen, I write today urging you to grant Monroe Energy's Petition for Rulemaking to change the point of obligation under the Renewable Fuels Standard (RFS). Monroe and other merchant refiners in the Philadelphia region are under immense financial pressure because of the imbalanced nature of the RFS program. Reform is needed now, before it's too late for these refineries, for our members, and for their families.

The current structure of the RFS places the point of obligation on petroleum refiners like Monroe Energy, who have no direct control over the amount of renewable fuel that is blended into the gasoline sold into the marketplace. Although the agency intended this compliance system to be the primary driver towards renewable fuels, the reality is that separating the point of obligation from the point of compliance has resulted in a deluge of third party speculators, excessive fraud in the RIN market with little or no transparency, and dramatic increases in RIN prices – with little growth in renewable fuels. The intent of the Energy Independence and Security Act of 2007 was to increase the supply of these alternative fuel sources, but these results are the antithesis of the Act's goal.

Furthermore, the current structure is putting tremendous financial pressure on these vitally important refineries, to such an extent that their long-term viability is threatened, weakening both our national security and energy independence.

A May 11, 2012 EIA report detailed the Potential Impacts of Reductions in Refining Activity on Northeast Petroleum Product Markets. The challenges detailed in this report included higher prices, price volatility, transportation constraints, and logistical challenges. If the aforementioned economic challenges rise to such a level that northeast refiners are forced to close, finished products would have to be transported by ship from the Gulf Coast, or even imported from foreign nations to supply the northeast market. This would ultimately increase greenhouse gas emissions, despite the fact that, when Congress created the RFS program in 2005, their intention was to reduce these emissions. Once again, the end result will be the polar opposite of what the program intended.

Our members, their families, and our entire region rely on the economic activity created by the area's refineries. Over the years, tens of thousands of steamfitters have spent their lives working at refineries like Monroe, and these jobs have provided life-changing opportunities for every one of them. Refinery jobs have allowed for our local union to invest in training, to reinvest in our communities through youth programs and scholarships, and so much more.

We are proud of our craft, proud of our region, and we are determined to do everything we can to see that our region continues to grow and prosper. Our members are the hands that build and maintain the great manufacturing facilities throughout the Northeast. If action is not taken soon on this critical issue, we fear that these industries will leave this region forever. The economic impact of such an outcome is unthinkable.

There is a way to fix the program, while still accomplishing the goals set out in 2005 and again in 2007. The EPA has both the authority and responsibility to revisit the regulatory definition of "obligated party" under the RFS. The petroleum industry has changed dramatically since 2007, and the program needs to be adjusted accordingly. The EPA can improve the efficiency and fairness of the RFS by aligning the point of obligation with the point of compliance, allowing for more effective promotion of the use of renewable fuels.

Without a change, our jobs are at risk, our national security is threatened, and the goals of the program will not be met.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink that reads "Anthony Gallagher". The signature is written in a cursive, flowing style.

Anthony Gallagher  
Business Manager, Steamfitters Local Union 420