Refinery Workers to EPA: Protect Our Jobs and Fix the Renewable Fuel Standard

During the Environmental Protection Agency (EPA)'s January 4, 2022, virtual public hearing on its proposal for the *Renewable Fuel Standard (RFS) Program: RFS Annual Rules,* the Biden administration heard from several refinery workers and unions from Delaware, Pennsylvania, Ohio, and New Jersey, including:

Scott Hayes
Toledo Refining Company

Dawn Christen
Northwest Ohio Building and Construction Trades Council

Sharon Watkins
Monroe Energy, LLC

Joe Manerchia
Monroe Energy, LLC

Joshua Bower
Monroe Energy, LLC

DeVon Crawford
United Steelworkers (USW) 10-234, Monroe Energy, LLC

Ken Gomeringer
USW, Delaware City Refinery

William Adams
IBEW Local 654,

Michael Hackendorn
Delaware Building and Construction Trades Council and United Association (UA) Local 74 Plumbers & Pipefitters

James Peacock, Sr.
Delaware City Refinery

Their testimonies, as prepared for delivery, are below.

Scott Hayes
PBF Energy, Toledo Refining Company in Toledo, Ohio

Thank you for giving us the time today to discuss the Proposal. I am Scott Hayes and I work for the Toledo Refining Company, part of PBF Energy, who has proudly provided affordable, reliable energy and the feedstocks for products we use daily to the Midwest for over 125 years.

We contribute $5.4 billion of economic output to the region. We have about 1200 employees at the facility, many union and/or skilled trades, and for each direct job, IMPLAN projects a 16 job per multiplier.

Concerning the cost of the program, and what happens when we don't set the number right: Our company spent about $120 million on the tradeable credits, Renewable Identification Numbers, or RINs in 2019. That figure increased to about $325 million in 2020 and, as publicly reported, about $650 million through just the first three quarters of 2021. We and other independent refiners who don't have large scale blending operations have to buy these credits in a manipulated marketplace that is not transparent, often from Wall St. speculators or our large multi-national competitors. Not a dime of this goes to the treasury, or the EPA or anything productive. And, it's just not sustainable for us.

Since it is not sustainable, it puts our business at risk. This could, in turn, result in the loss of thousands of good paying jobs, cause supply chain disruptions, and cause consumer price hikes. So, it is very important to us, our employees, the region, I'd argue the country that we get this right.

The proposed 2020 and 2021 RVOs are realistic and based on retroactive demand. However, the 2022 proposed ethanol standard is SO high – 15 billion gallons of conventional biofuel, which, by the Agency's own admission, is unachievable with ethanol - it negates the benefits of the 2020 and 2021 retroactive proposal.

As a result, RINs - continue to trade at astronomical levels. Independent refiners are paying more for RINs than all other operating costs combined, which puts union jobs and domestic fuel supplies at risk. How does this make sense? Various estimates also note the RFS is adding between 15-30 cents per gallon to consumer fuel costs.

We fervently ask EPA to reduce the 2022 ethanol volume requirement by over one billion gallons in the final rule, so that the ethanol requirement is no greater than 13.8 billion gallons. This will get it in the range of what the infrastructure can handle because 13.8 billion gallons is all that can be physically mixed. Failure to make this change will continue putting union jobs and domestic fuel supplies at risk, while keeping consumer fuel prices high.

Let me repeat the ask here: EPA needs to lower the 15-billion-gallon proposed ethanol requirement for 2022 to 13.8 billion gallons, which reflects the maximum amount of ethanol the fuel supply can handle given engine and infrastructure constraints. It still meets the objectives of the program because we will blend every drop of ethanol that can be blended but will effectively bring down RIN prices. And it will bring them down to a point that protects union jobs and domestic fuel supplies, while reducing consumer costs. We thank you for listening and trust you'll consider our concerns.

Dawn Christen

Northwest Ohio Building Trades Council in Toledo, Ohio

The Building Trades Council is an organization that represents 23 local unions, and those local union represent over 17,000 construction workers in Northwest Ohio, who depend on steady refinery high paying jobs to support themselves, their families and to support our local economy. These construction workers live in work within Northwest Ohio, which is home to two refineries.

As you heard the previous panelists speak at, the Toledo Refining Company is an economic driver for the Midwest. It provides 15 percent of the entire state's fuel and contributes $5.2 billion in total direct and indirect economic benefits to Northwest Ohio. Our interest in this issue can be narrowed to the maintenance of skilled jobs and the protection of our local economy. When refineries invest in new capital or major maintenance projects, they employ thousands of our skilled craft workers.

The Toledo Refining Company has been a committed partner of employing Northwest Building Trades Council skilled craft workers for its maintenance and turnaround work.

The skyrocketing RIN prices are putting domestically produced fuel supplies at serious risk, which in turn puts the livelihood of thousands of skilled workers at risk and the quality of life for their families here in Northwest Ohio. Specifically, in regard to the issue before you today, our ask is that the EPA reduce the 2022 ethanol volume requirement by over 1 billion gallons in the final rule.

We support the 2020 and 2021 proposed retroactive adjustments, but for the 2022, the ethanol requirement is unreasonable. The ethanol requirement should be set no greater than 13.8 billion gallons. Such a change reflects government estimates for the maximum amount of ethanol that can be physically mixed into gasoline next year. Failure to make this change will continue putting union jobs and domestic fuel supplies at risk while keeping consumer fuel prices high.

On behalf of the Northwest Ohio Building Trades Council and our skilled craft men and women, I implore the EPA to lower the 15-billion-gallon proposed ethanol requirement for 2022 to 13.8 billion gallons. This will reflect the maximum amount of ethanol the fuel supply can handle given engine and infrastructure constraints. This will bring down RIN prices to a point that protects union jobs and domestic fuel supplies while reducing consumer costs. Thank you for your time and allowing me to speak on behalf of the men and women of Northwest Ohio.

Sharon Watkins
Monroe Energy, LLC in Trainer, Pennsylvania

My name is Sharon Watkins, and I'm a Vice President and the Operations Leader at Monroe Energy.

As a third-generation refinery worker (my daughter being the fourth), I've seen the life-changing opportunities our local refineries provide. For generations, tens of thousands of hard-working men and women in our region have spent their lives producing the critical transportation and home heating fuels we all rely upon.

Independent refineries are facing an existential threat caused by the RFS; a well-intentioned program aimed at reducing our dependency on foreign oil by increasing our use of domestic, renewable fuels. But it is not operating as congress intended and it threatens to make us more dependent on foreign oil, which is in direct contrast to the program's original intent.

The price for the compliance credits known as RINs have skyrocketed because of decreasing supply, high demand, market speculation by non-refiners, and a flawed program design. Congress intended that RIN credits would only ever cost a few pennies per credit. However, wild market swings have forced credits to almost two dollars earlier this year. As a result, refiners are now spending hundreds of millions of dollars on RINs every year – in many cases more than they spend on salaries, benefits, and capital expenses combined.

One of the main drivers of this is that multi-national oil conglomerates and large convenience store chains have commoditized RINs - which doesn't benefit refiners, unions, the ethanol industry or America's corn growers. This clearly wasn't the intent of Congress.

Additionally, setting unobtainable blending volumes like what the agency proposed in the 2022 RVO creates a shortage of RINs in the marketplace, so having a healthy RIN bank is vital to obligated parties.

As the agency 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." Furthermore, the agency went on say that "…a *small* RIN bank may negatively impact the RIN market, even where the market overall could satisfy the standards." So, it's confusing that the proposed RVO creates a result which directly contradicts what the agency states is best for the program.

I respectfully request that the Agency lower the 15-billion-gallon proposed ethanol requirement for 2022 to 13.8 billion, which reflects the maximum amount of ethanol the fuel supply can handle given engine and infrastructure constraints. Additionally, the agency should look at lowering the 2020 & 2021 volumes even further to rebuild the depleted RIN bank, which as stated, helps ensure the success of the entire program. These steps will bring down RIN prices which protects union jobs and domestic fuel supplies, while reducing consumer costs.

I greatly appreciate the opportunity to provide comments on this very important topic.

Joe Manerchia
Monroe Energy, LLC in Trainer, Pennsylvania

I want to thank the EPA for the opportunity to share my thoughts on why the proposed RVO threatens the economic well-being of tens of thousands of people in the greater Philadelphia region and the Tri-State Area.

My name is Joe Manerchia, and I'm a lifelong resident of Marcus Hook, Pennsylvania, an industrial town that was built up and around the industries that sustain us. One of the mainstays in this community has been the Trainer Refinery – where oil refining has occurred since the early 1900's.

I've been fortunate enough to have spent my entire professional life working at the Trainer Refinery, since 1990, 32 years. I worked my way up through the ranks, and I'm currently an operations superintendent.

I know firsthand how impactful a job at a refinery can be, it was considered a ticket to a good middle-class life back when I started working here. Even today, refinery jobs are incredibly sought after. When we hire new operators, we receive hundreds of applications for only a handful of open positions. That's because people in this region know that refinery jobs provide life-changing opportunities. These are the kinds of opportunities that sustain families, put kids through college, and provide a substantial safety net for a comfortable retirement.

And this doesn't just apply to people working for Monroe – thousands of contractors, many of which are building trades members, and vendors are afforded incredible opportunities because they know they have a consistent source of business as long as our doors are open. It's a fact that refinery jobs have one of the highest job multipliers of any industry in the country.

Unfortunately, the RFS and the out of control RINS Market is threatening our ability to stay in business and jeopardizes the livelihood of thousands of families. The EPA's recent RVO announcement was intended to make things better, but it actually had the opposite effect. The price of RINs remains high today and refiners like Monroe spend more money on RINS than on nearly every other aspect of running the business. You don't have to be an economist to know that this is not sustainable.

In closing, I want to make it clear, without meaningful RFS reform, starting first with a revision of the 2022 ethanol mandate or by lowering the 2020 & 2021 volumes even further to help rebuild an already depleted RIN bank, we are almost certain to see refineries in the northeast and elsewhere close their doors forever. If that happens, we will see ripple effects that will jeopardize the financial security of thousands of families and reduce our region's ability to reliably provide fuel to millions of Americans. It will mean financial disaster for thousands of families, families that can only be sustained by facilities like Monroe Energy. Thank you again for your time.

Joshua Bower
Monroe Energy, LLC in Trainer, Pennsylvania

Good morning, my name is Joshua Bower and I work as a contract specialist on the Maintenance team at Monroe Energy's refinery. I wanted to share my story so that you know how important it is that companies like Monroe remain in business, and to highlight why meaningful RFS reform, starting with fixing the RVO, is so important.

My story is both unique yet still consistent for so many others like me who have the good fortune to work for a company that prioritizes our safety, values our contributions, and provides an incredible opportunity to earn a great living.

Before joining Monroe, I was a Sergeant in the United States Marine Corps, where I proudly served for six years, having completed three combat tours of duty. Following my final tour, I was unsure about whether I would be in the same situation as so many other veterans who do not have employment readily available upon transitioning back into civilian life.

But a chance meeting opened a door for me to take a job at Monroe. And while this was exciting, I was also nervous because I had no refining experience. But Monroe saw my work ethic, my capacity for leadership, and they gave me a chance and taught me the industry. I've worked my way through the ranks, becoming a trusted team member who ensures that work is completed safely, correctly, and in an efficient manner.

People with military backgrounds know how to lead and solve problems. Any company will benefit from hiring a veteran, and my story is just one of many showing how Monroe recognizes this. Nearly 11 percent of the Monroe's employees are either former or current military service members and they have a program which focuses on hiring veterans called Military-to-Monroe.

But all of this could disappear for me and my fellow team members if the RFS is not reformed in a meaningful manner soon. High RIN prices have created an insurmountable financial hurdle for independent refiners, threatening to destroy tens of thousands of good-paying jobs nationwide.

The recent RVO announcement only made matters worse, so I hope you consider making changes - either reducing the 2020 and 2021 volumes in order to provide relief and allow the RIN bank to regenerate. Or by reducing the 2022 volumes to align with what is actually feasibly capable of being blended in this country's fuel supply given vehicle and refueling infrastructure constraints. You even acknowledge in the proposed rule that the 2022 requirement is unachievable.

On behalf of my fellow employees, and especially the veterans like me whose lives have been positively transformed thanks to places like Monroe Energy, I urge the EPA to fix the RVO before it's too late. Thank you for listening and for your consideration of my thoughts.

DeVon Crawford

United Steelworkers (USW) 10-234 and Monroe Energy, LLC in Trainer, Pennsylvania

Good morning. My name is DeVon Crawford. As the Chairman of the United Steelworkers Local Union 10-234 representing over 180 union brothers and sisters at Monroe Energy's refinery in Pennsylvania, I'm urging the EPA to fix the RVO, before it's too late. Taking the right steps now will help drive down the out of control cost of RINs, which for too many years have created an overwhelming and unjust burden on independent refiners throughout the country.

Our members' jobs, their families and local businesses rely on the economic vitality of our refinery. Refinery jobs provide life-changing opportunities that benefit not only our members directly, but many more who rely on our facility for their own livelihoods, including other union members throughout the country. A 2011 Pennsylvania Department of Labor study found that refineries in our region have one of the highest job multipliers in the country - with every single refinery job supporting 18.3 more jobs in our local community, 22 in Pennsylvania, and over 60 jobs nationwide.

The RIN market is not operating as intended, and it's been broken for a long while. The high cost of RINs has become so bad that it is threatening the continued viability of the few remaining independent refineries here in the Northeast, and elsewhere. For refiners like Monroe, the annual expense or RINS exceeds all other costs combined except for the cost of crude oil. And the money we're spending on RINs cannot be spent on payroll, maintenance, capital expansion, or sustainability-related projects – all of which would have more of a tangible benefit than forking over large sums of money to large, multi-national conglomerates and Wall Street brokers who have figured out how to commoditize the RINs market.

The recently proposed volumes for the RFS are still much too high. A reduction in volumes is necessary to avoid further harm to the economy of Pennsylvania and the surrounding region. If the RFS forces refineries to close, the impact on jobs, the regional economy and our energy security would be direct, severe and unacceptable.

The EPA continues to base annual standards on unrealistically high volume estimates, and that's exactly what happened in the proposed blending rate for 2022 – it's unachievable and that's according to the federal government's own projected fuel demand. As a result, RINs prices have actually increased and remain unsustainably high.

I respectfully urge the EPA to lower the 2022 volumes in the final rule to reflect what is realistically capable of being blended into the nation's fuel supply. In the alternative, the EPA could lower the 2020 and 2021 volumes which would allow the RIN bank to be replenished, creating some relief in the marketplace as a result. I hope you will take steps to protect the jobs of my members and countless more. Thank you for your consideration of our request.

Ken Gomeringer
USW and PBF Energy in Delaware City, Delaware

We appreciate that the 2020 and 2021 Renewable Fuel Standard levels reflect actual consumption for those years. However, the EPA proposed a Renewable Fuel Standard requirement obligation for 2022 that threatens good paying family sustaining union jobs as well as the domestic fuel supplies, while driving up consumer fuel prices at a time when the country is still dealing with the effects of a global pandemic.

The EPA is looking to set a 2022 ethanol standard that is so high and by the agencies own admission is unachievable with ethanol based on the amount of ethanol that can be physically used in the fuel supply given vehicle engine and refueling infrastructure constraints. As a result of these constraints independent refiners are paying more for RINs than all other operating cost combined.

This puts good paying family sustaining union jobs at risk. I want to put a human aspect to the good paying/family sustaining union jobs that are being put at risk with the current proposed standard. I was employed at the Delaware City Refinery for 24 years as an operator and a union safety rep before going to work for the United Steel Workers International Union.

I started at the refinery as a 20-year-old single man. My job at the refinery allowed me to have the financial stability to get married and raise a family. I was able to provide a nice home for my family in a middle-class neighborhood. I was also able to provide for all my children's needs while they were growing up. This included the opportunity for my children to attend college.

In 2009 Valero shut down the Delaware City Refinery. We all lost our jobs and felt firsthand the economic and personal hardship that followed. We were lucky to eventually find a buyer for the refinery. The refinery was reopened however the impact of the closing will never be forgotten. I would hate to see my union brothers and sisters as well as all the employees of the Delaware City refinery go through that again.

The EPA needs to lower the 15-billion-gallon proposed ethanol requirement for 2022 to 13.8 billion gallons which reflects the maximum amount of ethanol that the fuel supply chain can handle given the engine and infrastructure Constraints. This will bring down RINs prices to a point that protects good paying/family sustaining union jobs and domestic fuel supplies, while reducing consumer cost.

We're glad that the EPA finally released this proposed rule after the program was ignored for too long. And we urge the EPA to quickly finalize the RVO levels with a reduced amount to provide some certainty to industry and stability to the RIN market. Thank you for your time.

Bill Adams

International Brotherhood of Electrical Workers (IBEW) Local 654 in Boothwyn, Pennsylvania

Good morning. My name is Bill Adams, and I'm the President and Business Agent for the International Brotherhood of Electrical Workers Local 654, which since 1939 has served southern Delaware and Chester Counties in Pennsylvania by providing critical electrical services work for countless businesses, including the region's independent refining sector.

I want to express today my very serious concerns regarding the EPA's proposal for the federal biofuel mandate – the RFS – and the harmful impact it will have on our members. Local refineries are key partners for our union and regularly provide high-quality work opportunities for many of our nearly 700 members.

The EPA's proposed RVO directly threatens their viability, along with the countless other industries across the supply chain, including others that employ IBEW members. This is why it's imperative that the EPA takes action before it's too late.

For decades, thousands of our members have relied on local refineries like Monroe Energy to provide them with life-changing opportunities to earn a great living and support their families. But unfortunately, some reports have already stated that the EPA's proposed RVO for 2022 is sure to guarantee an inflated RIN market, leading to prices higher than $2.00 per credit next year. For far too long the cost of RIN credits has pushed countless independent refineries to the brink of closure. It doesn't take an expert to recognize that this system is unsustainable.

Furthermore, the EPA's proposed 2022 volume targets do not reflect the federal government's own market data for the projected demand of ethanol. In fact, the agency's proposal is more than one billion gallons of ethanol more than can be used in our nation's fuel supply. Unless the agency lowers these proposed volume targets to mirror demand forecasts, a RIN shortage is sure to follow, further ballooning the cost of credits.

President Biden has always served as a vocal champion of hardworking union men and women. As recently as last September, the President delivered remarks where he stated his intentions to be the most pro-union President leading the most pro-union administration in American history.

When independent refiners invest in major maintenance projects, it's our members whom they turn to. Now more than ever, President Biden should honor his commitment and take immediate action to fix the RFS and save thousands of union jobs before it is too late.

In closing, on behalf of IBEW Local 654, I urge the EPA to lower its proposed 15-billion-gallon blending requirement for 2022 to 13.8 billion gallons, to reflect the realistic, anticipated ethanol demand for next year and help to bring down the cost of RINs.

Another option to provide short-term relief could be to lower the RVO for 2020 and 2021 to build back the RIN bank. The stakes have never been higher. We are counting on you. Thank you for your time.

Mike Hackendorn

Delaware Building and Construction Trades Council and United Association (UA) Local 74 Plumbers & Pipefitters in Newark, Delaware

My name is Michael Hackendorn. I'm the business manager for Local 74 for the Pipers and Plumbers, Wilmington, Delaware. We cover the state of Delaware. I'm also the Vice President of the Delaware Building Trades, representing 4,000 members of skilled union Building Trades workers here in Delaware. I work at the Delaware City PBF Refinery in in Delaware City, Delaware. Thank you for the opportunity to speak today and testify on this important subject.

The EPA's proposed Renewable Volume Obligation (RVO) under the Renewable Fuel Standard (RFS) threatens union jobs and domestic fuel supplies, driving up consumer fuel prices. Specifically, the EPA is looking to set a 2022 ethanol standard that is so high—15 billion gallons of conventional biofuel, which, by the agency's admission, is unachievable with ethanol – it negates the benefits of 2020 and 2021 proposals.

As a result, the prices of tradable credits needed to comply with the standards continue to trade astronomical levels. Independent refiners are paying more for RINs than all other operating costs combined, which puts union jobs and domestic fuel supplies at risk. Various estimates also note that the RFS is adding between 15 to 30 cents per gallon to consumer fuel costs. EPA needs to reduce the 2022 ethanol volume requirement by over a billion gallons in the final rule so the ethanol requirements is no greater than 13.8 billion gallons. Such a change reflects government estimates for the maximum amount of ethanol that can be physically mixed in gasoline for next year.

The failure to make this change will continue putting union jobs and domestic fuel supplies at risk and keeping consumer fuel prices high. Additionally, EPA needs to eliminate the additional 500 million gallons it proposes to add on top of the already unachievable 15 billion requirements to address an old court case.

On a personal note, I would like to bring into the equation here that the amount of jobs that are put into these refineries on the East Coast in the Northeast region. I myself have worked in Delaware City refinery off and on for 25 years, before coming to work for the Union. I'm a third-generation pipefitter, and both my grandfathers and my father had worked at that refinery.

It is firmly our belief that if this RINs problem is not figured out, and the EPA does not make these needed changes, that at some point, the Delaware City Refinery and the refineries in our area are not going to be able to sustain and stay in business. They're just paying too much money for these RINs, and it needs to be fixed. It needs to be fixed. There's a lot of good paying union jobs and a lot of families and people in the state of Delaware, New Jersey, Pennsylvania, and on the East Coast relying on these jobs.

I just want to thank you again today. One more thing, if I could add. EPA needs to lower the 15 billion gallons proposed ethanol requirements to 13.8 billion gallons. We respectfully request that from Local 74, the Pipefitters and Plumbers, and from the Delaware Building Trades Council. I want to thank you again for giving us the opportunity to speak today.

James Peacock, Sr.
PBF Energy in Delaware City, Delaware

EPA released a proposed Renewable Fuel Standard (RFS) requirement - the Renewable Volume Obligation or "RVO" - that threatens union jobs and domestic fuel supplies, while driving up consumer fuel prices. Specifically, EPA is looking to set a 2022 ethanol standard that is so high – and by the Agency's own admission, is unachievable with ethanol - it negates the benefits of the 2020 and 2021 proposal.

As a result, the price of tradeable credits needed to comply with the standard – called Renewable Identification Numbers at RINs - continue to trade at astronomical levels. Independent refiners are paying more for RINs than all other operating costs combined, which puts union jobs and domestic fuel supplies at risk. Various estimates also note the RFS is adding between 15-30 cents per gallon to consumer fuel costs.

Refining has supported my family for the last 49 years. We currently have three generations of Peacocks working in PBF Delaware City Refinery. I will retire at some point but would like to ensure that all employees are afforded the same opportunities.

The original intent of the RFS was to decrease dependence on foreign oil. If the EPA continues to inflate the RIN compliance with unrealistic targets, this will cause the shutdown of domestic refining. This will compromise our supply and demand balance, put our national security at risk. We'll have to wait for delivery of fuels from foreign entities to enable us to defend ourselves. We witnessed firsthand when the Colonial Pipeline was compromised by a cyber-attack that the Northeast was able to maintain product supply due to the PBF and other Merchant refineries operating in the region. This event should have made us all aware of how fragile our energy independence can be when under attack.

EPA needs to lower the 15-billion-gallon proposed ethanol requirement for 2022 to 13.8 billion gallons, which reflects the maximum amount of ethanol the fuel supply can handle given engine and infrastructure constraints. This will bring down RIN prices to a point that protects union jobs and domestic fuel supplies, while reducing consumer costs.