UNITED STEELWORKERS
USW
UNITY AND STRENGTH FOR WORKERS

USW Local 10-234
P.O. Box 1343
Linwood, PA. 19061

Phone (610) 485-2413
Fax (610) 485-3844

Refinery Workers Local 234 Chartered 1933

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

August 30, 2017

The Honorable Scott Pruitt, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

RE: Proposed RFS Program Standards for 2018 and Biomass-Based Diesel Volume for 2019
EPA-HQ-OAR-2017-0091

Dear Administrator Pruitt:

As the President of the USW Local 10-234 representing over 200 union brothers and sisters at Monroe Energy's refinery in Trainer Pennsylvania, I'm writing to you because we need your help. We support Monroe Energy's comments on the proposed RFS Program Standards for 2018, and Biomass-Based Diesel Volumes for 2019 to change the point of obligation under the Renewable Fuel Standard (RFS), lower volume requirements, and institute RIN market fixes to reduce the cost of RINs.

Monroe Energy (Monroe) operates an 185,000 bbl refinery which is one of the few still operating in the Northeastern United States. Unlike integrated refiners who produce finished gasoline and can separate RINs when they blend renewable fuel, merchant refiners such as Monroe and Philadelphia Energy Solutions (PES) must buy the vast majority of their RINs on the secondary market.

As a result of the E10 blend wall, RIN prices have increased significantly since 2012. Each year, merchant refiners collectively are being forced to incur well over a billion dollars in unproductive costs. EPA has acknowledged this fact, and has also admitted that despite the enormous increase in RIN prices, significant expansion in distribution infrastructure for higher ethanol blends is not happening. The RIN market is not operating as intended, and the high cost of RINs now threatens the vitality of the refining industry in the Northeast.

EPA should revisit the RFS definition of "obligated party" in a transparent rulemaking process that is subject to public notice and comment. Moving the point of obligation closer to the point of compliance will make the program more efficient and effective, while ensuring the Northeast refining industry will continue to remain competitive and provide refined products to the region.

In addition, the recently proposed volumes for the RFS are still much too high, and I urge you to lower them in the final rule. A reduction in volumes is necessary to avoid further severe economic harm to the economy of Pennsylvania and the surrounding region. The proposed rule continues EPA's pattern of underestimating the amount of E0 that is used, which leads to an overestimation of the amount of ethanol used in E10. EPA also continues to overestimate the amount of E15 and E85 that will be used.

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To the extent EPA continues to base annual standards on these unrealistically high volume estimates, the Agency will force the demand for RINs to exceed the available supply. Even when the total supply of RINs is adequate, a shortage in one category forces refiners and importers to fill the gap with another, utilizing a more expensive category of RINs.

Exorbitant RIN costs are already having a severe economic impact on merchant refiners, including three refiners in and near Philadelphia. For these refiners, the only annual expense that exceeds the cost of RINs is the cost of crude oil. The money spent on RINs cannot be spent on payroll, maintenance or capital expansion. The impact on jobs and the regional economy is direct, severe and unacceptable.

Thank you for your consideration of our request. We look forward to working with you regarding this matter.

Sincerely,

Jonas Dauber
President, United Steel Workers Local Union 10-234