



Founded 1889

United Association of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the United States and Canada

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May 17, 2018

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Trump:

On behalf of the 345,000 members of the United Association of the Plumbing and Pipefitting Industry of the United States and Canada, I write again regarding my continuing concern with the Renewable Fuel Standard (RFS). However, today I write applauding news of your decision to advance a rule that would allow all Renewable Identification Numbers (RINs) associated with all exported biofuel to be used for RFS compliance. This policy will greatly enhance the supply of RINs, alleviating exorbitant cost pressures merchant refiners have been experiencing in recent years and helping to protect domestic manufacturing jobs.

As my previous letters stated, merchant refiners have been threatened, and in the case of Philadelphia Energy Solutions (PES), driven into bankruptcy due to runaway RIN costs. These refiners represent nearly all of the refining capacity on the East Coast and a substantial portion of the nation's fuel manufacturers. Further, as stated in prior communications, merchant refiners have little to no blending capability; therefore, they are unable to influence the amount of biofuel blended or collect RINs that are made available for compliance through such blending. In other words, they are unable to meet their obligation through blending, so they are required to purchase RINs in an unregulated, non-transparent, and illiquid market that has been subject to volatility and fraud. This process forces refineries to spend hundreds of millions of dollars each year to comply with the regulations. In fact, PES spent over \$800 million since 2012 alone. These expenditures neither benefit the environment nor economy and would have been better utilized for capital investment, maintenance and modernization of facilities - all of which put our members to work.

Several market barriers - from permitting hurdles associated with new pipelines and terminals to the dominant integrated oil company and large marketing firms that control market access - prohibit merchants from building enough blending and blended fuel distribution capabilities to meet their RIN obligation. Given this reality, merchant refiners are often forced to





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buy RINs from their integrated oil company competitors and non-obligated parties that reap windfall profits from RINs, without blending more biofuel into the fuel supply. This situation serves as a form of economic double jeopardy that also fails to advance the RFS' objectives.

However, allowing all RINs associated with all exported biofuel to be used for RFS compliance would significantly increase RIN supply and provide an additional compliance option for merchant refiners, alleviating the ability of integrated oil companies and non-obligated parties to take advantage of perceived scarcity and drive up RIN prices. It would also incentivize greater biofuel exports, which in turn would drive greater domestic biofuel production in line with the RFS objectives.

In short, allowing all RINs associated with all biofuel exports helps biofuel producers, while also protecting American manufacturing union jobs. It will be extremely important to get the details of this policy correct, but in advancing the proposal, you would be taking a great leap towards keeping your campaign promise to protect every American manufacturing job.

Sincerely,

Mark McManus
General President, UA

Copy: EPA Administrator Scott Pruitt
United States Secretary of Energy Rick Perry