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Second Legislative District

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March 9, 2022

Mr. Michael S. Regan, Administrator
U.S. Environmental Protection Agency
Office of Administrator 1101A
1200 Pennsylvania Ave., N.W.
Washington, DC 20460

Dear Administrator Regan:

We write today to express our concerns with the federal Renewable Fuel Standard ("RFS") which we believe needs critical reforms before it is too late for our South Jersey and regional refiners. RFS reform is also necessary to bring down consumer fuel costs as New Jerseyans struggle to make ends meet given soaring gasoline prices.

We know the RFS was a well-intended program when it was established, but the truth is that it isn't working as Congress envisioned, and as a result, our region's last few independent refiners are suffering severe economic hardship. Russia's aggression against Ukraine has highlighted the need to protect our national energy manufacturers, particularly regional fuel suppliers here in the Northeast and Mid-Atlantic.

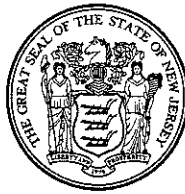
The blending requirement under the RFS has been especially damaging to independent refineries, who generally do not have large-scale blending operations. Therefore, they are often left with no alternative but to purchase Renewable Identification Numbers ("RIN") credits from entities that control biofuel blending, which are often their integrated oil company competitors or large retail chains who have no RFS requirement. The problem is that the cost of RINS have skyrocketed for numerous reasons and have increased to a point where independent refiners now devote more financial resources to RINS than almost all other expenses combined. The situation has become more acute with record high crude oil prices, which have raised refiners' costs exponentially in concert. We fear refiners may not be able to bear the cost of runaway crude prices coupled with exorbitant RIN bills much longer. Further, we have seen that there is no correlation between the price of RINS and the amount of ethanol blended into our fuel supply.

Our region's independent refiners are absolutely critical to our energy and national security, as they provide much-needed diversity for our national fuel production capabilities, which is important now more than ever. Only 14 years ago, there were a dozen regional refineries and today, only four are left. To put this into perspective with respect to regional fuel supply, the Northeast has lost 1.5 million barrels per day – or roughly 70% – of its refining capacity, making states like New Jersey more dependent than we should be on imported fuel from foreign countries. We cannot afford to continue to jeopardize the survival of our region's refineries, especially at a time when our economy is still recovering from the depths of the pandemic.

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Furthermore, prior to the pandemic, state and regional refineries supported over 16,000 New Jersey jobs while adding \$4.2 billion to the state's gross domestic product and generating \$12.3 billion in total economic output, including more than \$382 million in state and local taxes.

America's independent refiners are also ready to play an essential role in the transition to renewable fuel production - but they won't have this opportunity unless immediate action is taken to reform the RFS. Without sensible reforms, we risk making our nation even more dependent on foreign energy sources which, ironically, is the very thing the RFS was intended to steer us away from.

Consequently, it's critical for the Biden administration to implement common-sense reforms beginning with amending the proposed RFS volumes. Doing so will help correct the course of the RFS program, while ensuring that biofuel blending will still continue in earnest, but without driving independent refiners out of business. In the short term, the EPA should reduce the overall 2020-2022 volumes by at least 1.5 billion gallons, which can be done by either reducing the 2022 volumes, or by additional reductions to those already proposed for 2020 and 2021. This adjustment aligns with the maximum amount of ethanol our fuel supply can handle due to engine and infrastructure constraints, according to both EPA and the EIA. The outcome of reducing volumes as we suggest would be increased RIN availability, with a resulting drop in the price of RINs credits into a range that would provide at least temporary relief to independent refiners, without impacting biofuel consumption. At that point, EPA should look to permanently fix the RFS, once and for all.

We must do all we can to take fair steps to protect our domestic refineries, the thousands of union jobs they create, and our energy independence from foreign countries. It is absolutely imperative that the Biden administration, with your support, implements common-sense reforms to the well-known problems we have laid out here of the RFS program. Thank you for your efforts we look forward to seeing swift action taken soon to reform the RFS program.

Sincerely,

Handwritten signature of Vincent Polistina.

Senator Vincent Polistina
NJ Legislative District 2

Handwritten signature of Donald Guardian.

Assemblyman Donald Guardian
NJ Legislative District 2

Handwritten signature of Claire Swift.

Assemblywoman Claire Swift
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CC: Ron Klain, White House Chief of Staff
Brian Deese, Director, National Economic Council
Marty Walsh, Secretary of Labor
Gina McCarthy, National Climate Advisor
Dan Utech, Chief of Staff, EPA
Seth Harris, Senior Advisor Labor Policy
Cedric Richmond, Senior Advisor and Director of Public Engagement
Governor Phil Murphy, New Jersey
Senator Robert Menendez
Senator Cory Booker
Congressman Jeff Van Drew
Congressman Andy Kim
Congressman Donald Norcross