



Los Angeles / Orange Counties Building and Construction Trades Council

Affiliated with the Building & Construction Trades Dept., AFL-CIO

1626 Beverly Boulevard
Los Angeles, CA 90026-5784
Phone (213) 483-4222
(714) 827-6791
Fax (213) 483-4419



RON MILLER

Executive Secretary

July 12, 2017

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

Dear Administrator Pruitt:

I write today urging you to protect California construction jobs and move the Renewable Fuel Standard (RFS) point of obligation. My members support efforts to enhance both renewable energy development and American energy security. However, the RFS is currently being implemented in a way that benefits global and highly integrated oil companies at the expense of merchant refiners in California and other states. Fixing this flawed system is critical to maintaining a competitive domestic refining industry and preserving good paying construction jobs here in California and across the country.

The Los Angeles/Orange Counties Building & Construction Trades Council is a professional organization advocating for the use of local, skilled tradesmen with developers, builders, contractors and California's business community. We represent over 100,000 working Men and Women within 47 Local unions and District Councils within the construction Industry

Merchant refineries provides our members with thousands of high-paying jobs. In addition to full time employees, these refineries regularly employs two to three hundred contract workers each. During major maintenance projects, called turnarounds, refineries employ over 1,000 additional craft construction workers per facility. The existing RFS point of obligation puts merchant refiners at risk.

The RFS requires a certain amount of biofuel, such as ethanol and biodiesel, to be blended into the fuel supply each year. Credits that must be collected to comply with the law – called Renewable Identification Numbers or RINs - are generated at the point where biofuel like ethanol is mixed with gasoline. Herein lies the problem. EPA designated all refiners responsible for complying with the RFS, despite the fact that not all refiners have large terminals and retail fuel distribution facilities needed to blend biofuel into gasoline or diesel. Merchant refineries specifically lack sufficient blending capacity. They manufacture and sell gasoline in bulk to wholesalers, which blend biofuel and other additives into gasoline and diesel for delivery to gas stations. Given this reality, merchant refiners are not able to obtain the RINs they need for compliance. They must buy these credits from larger oil companies that blend more fuel than they produce. These companies are also their competitors.

Uncontrollable RIN prices have already resulted in lost jobs on the East Coast. Last year, Philadelphia Energy Solutions (PES) eliminated approximately 100 jobs and cut employee benefits. The company cited skyrocketing RIN costs as a primary factor in this decision. We cannot afford to put any of California's high paying manufacturing jobs at risk.

Changing the RFS point of obligation would align the compliance with where large scale blending occurs, leveling the playing field. Such a change would allow the RFS to mirror how California implements the state Low Carbon Fuel Standard. It would prevent continued RIN subsidies from going to global and integrated oil companies at the expense of merchant refiners. It will also lead to more biofuel blending, since the large companies with blending capabilities will have to hand RINs in for compliance rather than hoarding them for profit. We urge you to protect California's working class construction jobs and make this needed policy change.

Regards,

A handwritten signature in black ink, appearing to read "R. Miller", written in a cursive style.

Ron Miller
Executive Secretary