MARY GAY SCANLON
5TH DISTRICT, PENNSYLVANIA

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February 8, 2022

The Honorable Michael S. Regan
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue Northwest
Washington, D.C. 20460

Dear Administrator Regan:

Please accept the following as my official comments on the Environmental Protection Agency's ("EPA") proposed rule entitled, *"Renewable Fuel Standard ("RFS") Program: RFS Annual Rules,"* Docket ID No. EPA-HQ-OAR-2021-0324, hereinafter referred to as "RFS Volumes."

I write today to express my concern regarding the EPA's recently proposed RFS Volumes for 2022, and in particular, the impacts that these volumes would have on independent refiners on the East Coast and the hard-working Americans they employ. These independent refiners are currently suffering disproportionate financial harm because of unintended negative consequences created by the current structure of the RFS and the Renewable Identification Number ("RIN") market.

Before commenting on the proposed rule, I want to be clear: climate change is one of the most serious threats facing our nation and planet and deserves a serious response. Reducing carbon emissions and setting ourselves on a path that provides for sustainable and affordable renewable energy is one of the most important ways that we can combat climate change.

For the above reasons, I am a proponent of the RFS program and recognize the vital role it plays in curbing climate change. The program has been important to the greater development of renewable fuel production and has been successful at reducing emissions. However, the current structure unfairly and inefficiently tips the scales in favor of international oil conglomerates and against domestic independent refiners. And it appears that this proposed rule only exacerbates this already regrettable situation.

When the program began, individual RIN credits for conventional renewable fuel only cost a few cents. However, RINs are now subject to volatile swings in pricing, and their cost reached an all-time high last year, at nearly $2.00 a credit. For independent refineries, the cost of RFS compliance now runs into hundreds of millions of dollars a year, exceeding the combined cost of salaries, benefits, and capital improvements to such businesses. To put this into further context, at current RIN prices, the Monroe Energy facility – located in my district – will spend substantially more to comply with the RFS program this year alone than it spent to purchase the entire company less than ten years ago. This volatility within the current system is why proposals to reform the RFS have received bipartisan support in state legislatures, Congress, as well as from numerous Governors – including Pennsylvania Governor Tom Wolf – and other elected officials from around the country.

Independent refiners, particularly those in our region, want to be critical partners in our continued efforts to reduce carbon emissions in the transportation sector. These refiners stand ready to invest significant financial capital into their facilities in order to allow for the production of the greener fuels of tomorrow, such as sustainable aviation fuel and renewable diesel. In addition, they are committed to taking important steps to reduce their operational carbon footprint. However, without meaningful RFS reform, these facilities may not be able to make these critical investments.

By EIA's own projections, the 2022 blending targets eclipse the amount of ethanol that can physically be blended into our transportation fuels given current engine and infrastructure constraints. This means that obligated parties will need to use a certain amount of prior compliance year credits to satisfy the proposed 2022 volumes. However, with an already depleted RIN bank, there is serious concern that there will not be sufficient carryover RINs to help independent refiners comply with the proposed 2022 standards. While I can appreciate the Administration's position that an ambitious proposed renewable fuel volume could incentivize expansion of technology necessary to increase ethanol blend levels, I'm concerned uncertainty in timing of such innovations and an already-depleted RIN bank could leave independent refineries unprepared to meet their obligations in 2022 if the market falls short. These factors combined set the stage for the high likelihood that RINs prices will increase dramatically, resulting in dire consequences for independent refiners whose primary means of RFS program compliance is through the purchase of RINs credits.

I ask that EPA reconsider the achievability of the proposed conventional biofuel mandate or consider altering the final RFS Volumes by reducing the conventional biofuel volume while simultaneously and proportionately increasing the advanced biodiesel requirement.

In closing, I want to reiterate that it is critical for the EPA to consider how the proposed RVO will impact the independent refiners that we are depending upon to help our nation transition to cleaner fuel sources, and who employ thousands of people in family-sustaining jobs around the country. There is a way to ensure that the important goals of the RFS program are upheld while also supporting refiners and the thousands of family-sustaining jobs they support in my district and elsewhere.

Thank you for considering my perspective on this matter.

Sincerely,

Mary Gay Scanlon

Mary Gay Scanlon
Member of Congress