



Jason Fraser  
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*Submitted to [pubcomment-ees.enrd@usdoj.gov](mailto:pubcomment-ees.enrd@usdoj.gov)*

March 26, 2018

Assistant Attorney General  
U.S. Department of Justice  
Environment and Natural Resources Division  
P.O. Box 7611  
Washington, DC 20044-7611

Re: Proposed Consent Decree and Environmental Settlement Agreement under the Clean Air Act between PES Holdings, LLC and U.S. Environmental Protection Agency

The Valero Energy Corporation and its subsidiaries (collectively, “Valero”) submit these comments on EPA’s proposed Consent Decree and Environmental Settlement Agreement (“Settlement Agreement”) with PES Holdings, LLC, lodged on March 12, 2018 with the United States Bankruptcy Court for the District of Delaware in *In re PES Holdings, LLC*, No. 18-10122 (KG) (Bankr. D. Del.). As part of PES’s Chapter 11 bankruptcy, the Settlement Agreement proposes to relieve PES from a portion of its 2016 and 2017 Renewable Fuel Standard (“RFS”) compliance obligations.

EPA’s proposed settlement in this case represents a long-overdue acknowledgement of the harmful impact of sky-high Renewable Identification Numbers (“RINs”) prices on merchant refiners. Due to their lack of control over biofuels blending infrastructure, merchant refiners must often purchase RINs in an unregulated, volatile market to meet a substantial portion of their RFS compliance obligations. As Valero and other merchant refiners have demonstrated numerous times, this disparity—coupled with high RIN prices—causes a significant, disproportionate burden on merchant refiners that is divorced from the goals of the RFS program. In its filing with this Court, PES has referred to the harmful impact of high RIN prices as the “primary” cause of its bankruptcy filing and its amelioration as the critical factor in its ability to emerge from this proceeding in a manner that allows it to operate successfully in the future.

While Valero takes no position on the Settlement Agreement specifically, we would caution that any action by EPA to address the harm from RINs in this singular situation must be combined with administrative reforms, such as those currently under consideration by the Administration, that resolve the RINs issue in an appropriate and effective manner for the future PES and all other merchant refiners. While the current situation is important, preserving industrial jobs, protecting consumers, and enhancing energy security require prompt EPA actions so that other merchant refiners don’t find themselves in a similarly undesirable position and blue-collar workers have certainty that this distorted system will not imperil their jobs in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Fraser', with a stylized flourish at the end.

Jason Fraser,  
Vice President, Public Policy & Strategic Planning  
Valero Energy Corporation