

United States Senate

WASHINGTON, DC 20510

September 12, 2019

President Donald J. Trump
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We write today to thank you for your work to ensure small refineries are not harmed by the Renewable Fuel Standard (RFS) mandate and express concern that your administration is considering actions that would undermine this good work. Any reallocation of volumes from statutory small refinery exemptions (SREs) or increase in the renewable volume obligations for the 2020 compliance year (2020 RVO) would have a costly impact on consumers, the American refining sector, and thousands of well-paying, blue collar jobs in our home states.

As you know, the Environmental Protection Agency (EPA) has proposed in its 2020 RVO rulemaking that refiners and motorists must consume 15 billion gallons of conventional biofuel (i.e. corn ethanol). Increasing volumes above this level would injure the American refining sector by increasing the cost of Renewable Identification Numbers, or RINS, and do nothing to improve the condition of US corn farmers and ethanol producers.


Reallocation would violate the law and harm certain obligated parties, nullifying any relief achieved by issuing the SREs in the first place. Moreover, the EPA and the Department of Energy have concluded that small refinery exemptions have not resulted in reduced ethanol demand.

The financial problems facing the ethanol industry are unrelated to the RFS or the issuance of SREs. The ethanol sector suffers from a massive overcapacity problem, producing over one billion gallons more ethanol annually than American motorists can use due to the “blend wall.” Obligated parties under the RFS are already mandated to blend more ethanol into the domestic fuel supply than the gas pool can accommodate, forcing refiners and fuel importers to turn to other biofuels, such as foreign biodiesel, to satisfy compliance. The federal government can no more compel Americans to buy more ethanol than it can suspend the laws of supply and demand. Increasing the RVO will only lead to more imports of foreign biodiesel, steeper trade deficits, higher compliance costs for domestic refiners, and fewer jobs in our states.

If you do pursue the aforementioned policies, we request that they be accompanied by a conventional biofuel waiver credit that can serve as a safety valve if RFS compliance costs, i.e. RINs, skyrocket in the wake of these changes. We were encouraged that you were receptive to this idea during meetings at the White House last year. As you may recall, a waiver credit would be an insurance policy if nationwide sales of E15 did not reduce RIN prices, which is what the ethanol lobby claimed would occur. Now that the ethanol industry has been given E15, a waiver credit would be both a fair deal for both parties and provide a degree of predictability so that American refineries do not have to shutter operations.

Thank you for your attention to this matter. We look forward to working with you to address these issues as soon as possible and ensuring that changes to the RFS do not threaten American refining jobs or diminish our nation's energy renaissance, which has thrived under your leadership.

Sincerely,



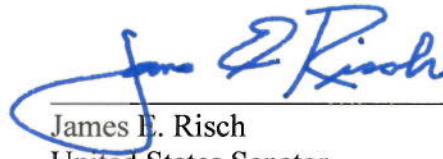
Pat Toomey
United States Senator



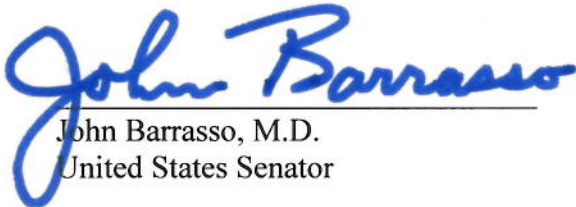
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