



Founded 1889

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada

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January 25, 2018

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Trump:

On behalf of the more than 343,000 members of the United Association of the Plumbing and Pipefitting Industry of the United States and Canada, I write regarding my continued concern with the Renewable Fuel Standard (RFS) created by the Energy Independence and Security Act of 2007 (EISA). Just one year ago, I wrote to EPA Administrator Scott Pruitt outlining how the structure of the mandate requiring certain volumes of ethanol and biofuel blending into gasoline and distillates could potentially debilitate U.S.-based merchant refiners. This concern has materialized into reality with the Philadelphia Energy Solutions (PES) chapter 11 bankruptcy filing earlier this week.

At the root of this matter is the burden of RIN costs on merchant refiners. These refiners represent nearly the entirety of domestic East Coast fuel supply and a substantial portion of the nation's fuel manufacturers. As articulated in my letter last year, merchant refiners have little to no blending capability; therefore, they are unable to influence the amount of biofuel blended or collect RINs that are made available for compliance through such blending. In other words, they are unable to meet their obligation through blending, so they are required to purchase RINs in an unregulated, non-transparent, and illiquid market that has been subject to volatility and fraud. This process forces refineries to spend hundreds of millions of dollars each year to comply with the regulations. In fact, PES has spent over \$800 million since 2012 alone. These expenditures neither benefit the environment nor economy and would have been better utilized for capital investment, maintenance and modernization of facilities - all of which put our members to work.

Several market barriers – from permitting hurdles associated with new pipelines and terminals to the dominant integrated oil company and large marketing firms that control market access – prohibit merchants from building enough blending and blended fuel distribution capabilities to meet their RIN obligation. Given this reality, merchant refiners are often forced to buy RINs from their integrated oil company competitors and non-obligated parties that reap windfall profits from RINs, without blending more biofuel into the fuel supply. This situation serves as a form of economic double jeopardy that also fails to advance the RFS' objectives.





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There is no doubt that, if unaddressed, skyrocketing RIN costs will force more merchant refineries into bankruptcy, putting thousands of union jobs at risk. Not only will union jobs be threatened, but families and communities across the nation could also face the burden of increased gasoline and heating oil costs associated with refining capacity coming offline. It is important to note that merchant refiners in the Northeast specifically represent the dominant source of man hours for UA members and other building construction trades workers.

During your campaign, you made a promise to protect every American manufacturing job. In light of the previously mentioned circumstances, we urge you to keep that promise and take immediate action to control skyrocketing RIN costs. Union jobs in Pennsylvania and across the country depend on it.

Sincerely,

Mark McManus
General President, UA

cc: EPA Administrator Scott Pruitt
United States Secretary of Energy Rick Perry