

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 139 Session of 2021

INTRODUCED BY MENSCH AND KANE, JUNE 15, 2021

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JUNE 15, 2021

A RESOLUTION

1 Urging the United States Environmental Protection Agency (EPA)  
 2 to exercise the waiver authority in Clean Air Act Section  
 3 211(o)(7)(A)(i) to reduce nationwide Renewable Fuel Standard  
 4 ("RFS") volume mandates to provide relief to refiners in  
 5 Pennsylvania, the East Coast and elsewhere, and to implement  
 6 additional reforms going forward which will allow for the  
 7 blending of renewable fuels consistent with the original  
 8 intention of the RFS program, while containing costs for  
 9 independent refiners.

10 WHEREAS, In the last year, spiking Renewable Identification  
 11 Number ("RIN") prices and the dramatic reduction in the use of  
 12 fuel precipitated by the COVID-19 pandemic have devastated  
 13 United States refiners, leading to refinery closures across the  
 14 country; and

15 WHEREAS, The EPA has authority to waive the RFS program's  
 16 renewable fuel requirements "in whole or in part" if the EPA  
 17 Administrator determines that "implementation of the requirement  
 18 would severely harm the economy" of a State, a region or the  
 19 United States; and

20 WHEREAS, Many refineries already struggle with slim margins,  
 21 and the RFS program's RIN requirements, as well as the manner in  
 22 which the RIN market operates, are currently inflicting serious

1 economic harm on those businesses; and

2 WHEREAS, Current RFS compliance expenses exceed refineries'  
3 annual costs for labor, utilities and maintenance expenses  
4 combined, making compliance costs the largest expense for a  
5 refinery other than crude oil; and

6 WHEREAS, RINs have dramatically increased from about 14¢ at  
7 the beginning of calendar year 2020 to nearly \$2 today,  
8 resulting in roughly 30 additional cents per gallon to the cost  
9 of making gasoline; and

10 WHEREAS, Harmful effects of the RFS program are especially  
11 severe in current market conditions, with the demand for refined  
12 products suppressed by the COVID-19 pandemic and not expected to  
13 fully recover in the near future; and

14 WHEREAS, The pandemic caused an unprecedented year-over-year  
15 decline in the demand for petroleum and other liquid fuels,  
16 leading to temporary and permanent refinery closures and other  
17 capacity reductions throughout the United States; and

18 WHEREAS, The United States Department of Energy (DOE), Energy  
19 Information Administration (EIA) has shown for several years  
20 that there is no relationship between RIN price and the amount  
21 of ethanol actually blended into the gasoline supply; and

22 WHEREAS, The EIA recently noted that in 2020, 800 million  
23 fewer RINs were actually generated than what was required to  
24 meet the 2020 RFS standard; and

25 WHEREAS, According to a study performed by the Commonwealth,  
26 each refining job in southeastern Pennsylvania has a large  
27 multiplier effect on the regional and national economy,  
28 supporting an estimated 18.3 jobs in southeastern Pennsylvania,  
29 22 jobs across the Commonwealth, and 61 jobs nationwide, many of  
30 which are in the skilled-trades; and

1       WHEREAS, Refining and petrochemical industries contribute  
2 approximately \$600 billion annually to the national economy and  
3 employ over 3 million industrial workers in some 33 states; and

4       WHEREAS, The recent Colonial Pipeline hacking incident has  
5 shown the vulnerability of the nation's energy supply and  
6 highlights the need to keep our refineries open; and

7       WHEREAS, Governor Tom Wolf has already petitioned the EPA to  
8 issue a waiver from RFS volume mandates to address the severe  
9 economic harm caused by such mandates; therefore be it

10       RESOLVED, That the Senate urge the EPA to exercise the waiver  
11 authority under section 211(o)(7)(A)(i) of the Clean Air Act to  
12 reduce nationwide Renewable Fuel Standard ("RFS") volume  
13 mandates to provide relief to refiners in Pennsylvania and  
14 elsewhere; and be it further

15       RESOLVED, That the Senate urge the Biden Administration and  
16 the Environmental Protection Agency to set 2021 and 2022 volumes  
17 and reform and restructure the RFS program going forward so as  
18 to maintain low and stable RINs prices while allowing for  
19 blending of renewable fuels consistent with the original  
20 intention of the program.