

ASSEMBLY JOINT RESOLUTION

No. 238

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 21, 2021

Sponsored by:

Assemblyman JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)
Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Urges U.S. President and EPA to take appropriate action, through waivers and other reforms, to allow blending of renewable fuels under the federal “Clean Air Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/30/2021)

1 **A JOINT RESOLUTION** urging the President of the United States and
2 the United States Environmental Protection Agency to take
3 appropriate action to issue waivers and implement other reforms
4 to allow for the blending of renewable fuels under the federal
5 “Clean Air Act,” while containing costs for independent refiners.
6

7 **WHEREAS**, Over the past year, United States refiners have been
8 devastated by spiking, volatile Renewable Identification Number
9 (RIN) prices under the federal Renewable Fuel Standard (RFS)
10 program and a dramatic reduction in the use of fuel that was
11 triggered by the COVID-19 pandemic. These factors have resulted
12 in a shortage of RINs, and eight refinery closures, throughout the
13 nation; and

14 **WHEREAS**, The United States Environmental Protection Agency
15 (EPA) has authority from Congress 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, region, or the United
19 States; and

20 **WHEREAS**, Many independent refiners already struggle with slim
21 margins and the RFS program’s RIN requirements, as well as the
22 manner in which the unregulated RIN market operates without
23 oversight and subject to speculation and fraud, all of which are
24 currently inflicting serious economic harm on those businesses; and

25 **WHEREAS**, Current RFS compliance expenses exceed refineries’
26 combined annual costs for labor, utilities, and maintenance, making
27 the costs of such compliance refineries’ largest expense, other than
28 the purchase of crude oil; and

29 **WHEREAS**, RIN prices have dramatically increased as a result of the
30 COVID-19 pandemic, increasing from as low as 10 cents at the
31 beginning of 2020 to nearly \$2.00 in June 2021, and leading to a
32 consequent increase, of approximately 30 cents per gallon, in the
33 cost of making gasoline;

34 **WHEREAS**, Harmful financial effects associated with the complex RFS
35 program are especially severe under current market conditions,
36 where demand for refined products is significantly depressed by the
37 COVID-19 pandemic and is not expected to fully recover in the
38 near future; and

39 **WHEREAS**, The COVID-19 pandemic caused an unprecedented year-
40 over-year decline in demand for petroleum and other liquid fuels,
41 leading to temporary, partial, and permanent refinery closures,
42 including the mothballing of the fuels section of the Paulsboro
43 Refinery in New Jersey, as well as other capacity reductions
44 throughout the United States; and

45 **WHEREAS**, Production data published by the Energy Information
46 Administration (EIA) in the United States Department of Energy
47 (DOE) has repeatedly shown, for several years, that there is no

1 relationship between RIN prices and the amount of ethanol that is
2 actually blended into the nation’s gasoline supply; and
3 **WHEREAS**, The EIA recently noted that, in 2020, 800 million fewer
4 RINs were actually generated than what was required to meet the
5 2020 RFS standard, thereby resulting in a shortage of available
6 RINs, especially when combined with hoarding by unregulated,
7 non-industry speculators; and
8 **WHEREAS**, Prior to the COVID-19 pandemic, State and regional
9 refineries supported over 16,500 New Jersey jobs, compensating
10 those employees with more than a billion dollars in total, while
11 adding \$4.2 billion to the State’s gross domestic product and
12 generating over \$12.3 billion in total economic output, including
13 the payment of more than \$382 million in State and local taxes.
14 Unfortunately, some of the jobs supported by these refineries were
15 lost due to a partial shutdown attributable to the COVID-19
16 pandemic; and
17 **WHEREAS**, Refining and petrochemical industries contribute
18 approximately \$600 billion annually to the nation’s economy and
19 employ over three million industrial workers in 33 states, but
20 increasing dependence on imported fuels threatens these industries
21 and potentially affects their fuel supplies; and
22 **WHEREAS**, The recent hacking incident affecting the Colonial Pipeline
23 has exposed the vulnerability of the nation’s energy supply,
24 highlighting the need to keep our refineries open to fuel the
25 economy; and
26 **WHEREAS**, On June 1, 2021, Governor Phil Murphy wrote to the EPA
27 to urge the agency to extend flexibilities to merchant refiners
28 through the renewable volume obligation under the RFS program;
29 now, therefore,

30
31 **BE IT RESOLVED** *by the Senate and General Assembly of the*
32 *State of New Jersey:*
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34 1. The Legislature of the State of New Jersey respectfully urges
35 the United States Environmental Protection Agency to exercise its
36 waiver authority, pursuant to section 211(o)(7)(A)(i) of the “Clean
37 Air Act,” 42 U.S.C. s.7545(o)(7)(A)(i), to reduce nationwide
38 Renewable Fuel Standard volume mandates in order to provide
39 relief to refiners in New Jersey, on the East Coast, and elsewhere.
40

41 2. The Legislature also respectfully urges the President of the
42 United States and the United States Environmental Protection
43 Agency to establish reasonable 2021 and 2022 Renewable Fuel
44 Standard volume mandates, which are in line with actual gasoline
45 and diesel demand, and to make the reforming and restructuring of
46 the Renewable Fuel Standard program a national priority, so as to
47 maintain low and stable Renewable Identification Number prices

1 while allowing for the continued blending of renewable fuels,
2 consistent with the original intent of the program.

3
4 3. Copies of this resolution, as filed with the Secretary of State,
5 shall be transmitted by the Clerk of the General Assembly or the
6 Secretary of the Senate to the President of the United States, the
7 Administrator of the United States Environmental Protection
8 Agency, the Majority and Minority Leaders of the United States
9 Senate, the Speaker and Minority Leader of the United States House
10 of Representatives, and every member of Congress elected from this
11 State.

12
13 4. This joint resolution shall take effect immediately.

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16 STATEMENT

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18 This joint resolution would respectfully urge the President of the
19 United States and the United States Environmental Protection
20 Agency (EPA) to take appropriate action to provide relief to
21 refiners by allowing for the blending of renewable fuels under the
22 Renewable Fuel Standard (RFS) program, established pursuant to
23 section 211 of the federal "Clean Air Act," 42 U.S.C. s.7545, while
24 containing costs for independent refiners.

25 Over the past year, the country's refiners have been devastated
26 by spiking, volatile Renewable Identification Number (RIN) prices
27 under the federal RFS program, as well as by a dramatic reduction
28 in the use of fuel, which was triggered by the COVID-19 pandemic.
29 These factors have resulted in a shortage of RINs, and eight refinery
30 closures, throughout the nation. RIN prices have also dramatically
31 increased as a result of the COVID-19 pandemic, increasing from as
32 low as 10 cents at the beginning of 2020 to nearly \$2.00 in June
33 2021, and leading to a consequent increase, of approximately 30
34 cents per gallon, in the cost of making gasoline.

35 Production data published by the Energy Information
36 Administration (EIA) in the United States Department of Energy
37 (DOE) has repeatedly shown that there is no relationship between
38 RIN prices and the amount of ethanol that is actually blended into
39 the nation's gasoline supply. The EIA also recently noted that, in
40 2020, 800 million fewer RINs were actually generated than what
41 was required to meet the 2020 RFS standard, thereby resulting in a
42 shortage of available RINs, especially when combined with
43 hoarding by unregulated, non-industry speculators.

44 The COVID-19 pandemic has caused an unprecedented year-
45 over-year decline in demand for petroleum and other liquid fuels,
46 leading to temporary, partial, and permanent refinery closures,
47 including the mothballing of the fuels section of the Paulsboro
48 Refinery in New Jersey, as well as other capacity reductions

1 throughout the United States. Moreover, the recent hacking
2 incident affecting the Colonial Pipeline has further exposed the
3 vulnerability of our nation’s energy supply and highlighted the need
4 to keep our refineries open to fuel the economy.

5 This joint resolution would urge the EPA to exercise its waiver
6 authority, pursuant to section 211(o)(7)(A)(i) of the “Clean Air
7 Act,” 42 U.S.C. s.7545(o)(7)(A)(i), to reduce nationwide RFS
8 volume mandates in order to provide relief to refiners in New
9 Jersey, on the East Coast, and elsewhere. The EPA has authority
10 from Congress to waive the RFS program’s renewable fuel
11 requirements “in whole or in part” if the EPA Administrator
12 determines that “implementation of the requirement would severely
13 harm the economy” of a State, region, or the United States.

14 The joint resolution would additionally urge the President of the
15 United States and the EPA to establish reasonable 2021 and 2022
16 RFS volume mandates, which are in line with actual gasoline and
17 diesel demand, and to make the reforming and restructuring of the
18 RFS program a national priority, so as to maintain low and stable
19 RIN prices while allowing for the continued blending of renewable
20 fuels, consistent with the original intent of the RFS program.