

SENATE JOINT RESOLUTION

No. 123

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 21, 2021

Sponsored by:

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: 6/28/2021)

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; and
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

1 **WHEREAS**, Production data published by the Energy Information
2 Administration (EIA) in the United States Department of Energy
3 (DOE) has repeatedly shown, for several years, that there is no
4 relationship between RIN prices and the amount of ethanol that is
5 actually blended into the nation’s gasoline supply; and
6 **WHEREAS**, The EIA recently noted that, in 2020, 800 million fewer
7 RINs were actually generated than what was required to meet the
8 2020 RFS standard, thereby resulting in a shortage of available
9 RINs, especially when combined with hoarding by unregulated,
10 non-industry speculators; and
11 **WHEREAS**, Prior to the COVID-19 pandemic, State and regional
12 refineries supported over 16,500 New Jersey jobs, compensating
13 those employees with more than a billion dollars in total, while
14 adding \$4.2 billion to the State’s gross domestic product and
15 generating over \$12.3 billion in total economic output, including
16 the payment of more than \$382 million in State and local taxes.
17 Unfortunately, some of the jobs supported by these refineries were
18 lost due to a partial shutdown attributable to the COVID-19
19 pandemic; and
20 **WHEREAS**, Refining and petrochemical industries contribute
21 approximately \$600 billion annually to the nation’s economy and
22 employ over three million industrial workers in 33 states, but
23 increasing dependence on imported fuels threatens these industries
24 and potentially affects their fuel supplies; and
25 **WHEREAS**, The recent hacking incident affecting the Colonial Pipeline
26 has exposed the vulnerability of the nation’s energy supply,
27 highlighting the need to keep our refineries open to fuel the
28 economy; and
29 **WHEREAS**, On June 1, 2021, Governor Phil Murphy wrote to the EPA
30 to urge the agency to extend flexibilities to merchant refiners
31 through the renewable volume obligation under the RFS program;
32 now, therefore,

33
34 **BE IT RESOLVED** *by the Senate and General Assembly of the*
35 *State of New Jersey:*

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37 1. The Legislature of the State of New Jersey respectfully urges
38 the United States Environmental Protection Agency to exercise its
39 waiver authority, pursuant to section 211(o)(7)(A)(i) of the “Clean
40 Air Act,” 42 U.S.C. s.7545(o)(7)(A)(i), to reduce nationwide
41 Renewable Fuel Standard volume mandates in order to provide
42 relief to refiners in New Jersey, on the East Coast, and elsewhere.
43
44 2. The Legislature also respectfully urges the President of the
45 United States and the United States Environmental Protection

1 Agency to establish reasonable 2021 and 2022 Renewable Fuel
2 Standard volume mandates, which are in line with actual gasoline
3 and diesel demand, and to make the reforming and restructuring of
4 the Renewable Fuel Standard program a national priority, so as to
5 maintain low and stable Renewable Identification Number prices
6 while allowing for the continued blending of renewable fuels,
7 consistent with the original intent of the program.

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

17
18 4. This joint resolution shall take effect immediately.
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21 **STATEMENT**
22

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

30 Over the past year, the country’s refiners have been devastated
31 by spiking, volatile Renewable Identification Number (RIN) prices
32 under the federal RFS program, as well as by a dramatic reduction
33 in the use of fuel, which was triggered by the COVID-19 pandemic.
34 These factors have resulted in a shortage of RINs, and eight refinery
35 closures, throughout the nation. RIN prices have also dramatically
36 increased as a result of the COVID-19 pandemic, increasing from as
37 low as 10 cents at the beginning of 2020 to nearly \$2.00 in June
38 2021, and leading to a consequent increase, of approximately 30
39 cents per gallon, in the cost of making gasoline.

40 Production data published by the Energy Information
41 Administration (EIA) in the United States Department of Energy
42 (DOE) has repeatedly shown that there is no relationship between
43 RIN prices and the amount of ethanol that is actually blended into
44 the nation’s gasoline supply. The EIA also recently noted that, in
45 2020, 800 million fewer RINs were actually generated than what

1 was required to meet the 2020 RFS standard, thereby resulting in a
2 shortage of available RINs, especially when combined with
3 hoarding by unregulated, non-industry speculators.

4 The COVID-19 pandemic has caused an unprecedented year-
5 over-year decline in demand for petroleum and other liquid fuels,
6 leading to temporary, partial, and permanent refinery closures,
7 including the mothballing of the fuels section of the Paulsboro
8 Refinery in New Jersey, as well as other capacity reductions
9 throughout the United States. Moreover, the recent hacking
10 incident affecting the Colonial Pipeline has further exposed the
11 vulnerability of our nation's energy supply and highlighted the need
12 to keep our refineries open to fuel the economy.

13 This joint resolution would urge the EPA to exercise its waiver
14 authority, pursuant to section 211(o)(7)(A)(i) of the "Clean Air
15 Act," 42 U.S.C. s.7545(o)(7)(A)(i), to reduce nationwide RFS
16 volume mandates in order to provide relief to refiners in New
17 Jersey, on the East Coast, and elsewhere. The EPA has authority
18 from Congress to waive the RFS program's renewable fuel
19 requirements "in whole or in part" if the EPA Administrator
20 determines that "implementation of the requirement would severely
21 harm the economy" of a State, region, or the United States.

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