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# United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

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March 16, 2018

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

Dear Mr. President,

I write today regarding the Environmental Protection Agency's (EPA) Renewable Fuel Standard (RFS). I appreciate your efforts to bring biofuel and refinery stakeholders together to address the volatility in the RFS compliance trading system, known as the Renewable Identification Number (RIN) market. As someone who has both constituents who benefit from the RFS program and constituents who work at several of the last merchant refineries along the East Coast, I understand full well the difficulty of finding common ground on this issue. The one problem that both constituencies identify as a concern is RIN market manipulation. It's clear that market manipulation in the RIN market is occurring, and it is causing market volatility and price spikes. It must be addressed in any solution.

In the Energy Independence and Security Act (EISA) of 2007, Congress took several steps to try to change our nation's bleak energy future. At the time, our nation's consumption of gasoline and diesel was growing exponentially, draining consumers' pocketbooks and increasing our country's dependence on imported oil. In EISA, Congress doubled the domestic biofuel mandate to 36 billion gallons by 2022 and included new incentives to spur the production of advanced biofuels that were better for the environment and not derived from the food we eat or feed our livestock. Today, thanks to the groundwork laid in 2007, consumers pay less at the pump and our nation is no longer a net importer of oil. The RFS has played a critical part in this success. I continue to believe that biofuels, if done correctly, can give us an environmentally friendlier option to reduce our dependence on fossil fuels, help reduce our dependence on foreign energy production and provide economic opportunities for our farming communities. However, I do not believe that we can ignore any unintended consequences – economic or environmental – of increasing our biofuel mandate.

Over the past four years, RIN prices have fluctuated wildly. In the past year alone, RIN prices have fluctuated from around thirty cents to over a dollar. This price volatility creates great uncertainty for merchant refineries, like the one in Delaware City, Delaware, that have limited capability to blend biofuels into their products and need RINs to comply with the RFS program's requirements. East Coast refineries already face slim profit margins, in part due to their dependence on international markets for crude feedstock, high gasoline inventories and competition from global refiners. According to my constituents who work at the Delaware City refinery and at the nearby Philadelphia refineries, the viability of the Mid-Atlantic refineries is now threatened because of the volatile RIN market.

The EPA, in coordination with other federal agencies, could take a number of steps to reduce RIN market volatility. It is my hope that you will direct the EPA to take these steps immediately.

First, EPA should take action to be more transparent and provide more trading data to market participants, without disclosing proprietary information, from EPA's RIN tracking program, the Moderated Transaction System. California's renewable fuel program serves as an example of how EPA could collect and release data weekly, monthly, quarterly and annually in order to provide valuable insight into trading and greatly help reduce RIN market volatility.

Second, EPA should be collecting better data to detect and prevent RIN market manipulation. I encourage your staff to talk to the Commodity Futures Trading Commission (CFTC) and the Federal Trade Commission (FTC) to understand the data points that need to be collected to provide better oversight of the RIN market and require EPA to start collecting such data.

Finally, the CFTC and FTC must have a more active role with EPA to help monitor RIN market behavior. In 2016, the EPA entered into a Memorandum of Understanding with the CFTC to try to address this concern. Unfortunately, there has been little collaboration between the agencies to clamp down on responsible parties. The EPA-CFTC Memorandum of Understanding must be strengthened to require the CFTC to have more of an active role in RIN market manipulation oversight. What's more, Congress has already given the Federal Trade Commission the authority to regulate manipulative or deceptive conduct in wholesale petroleum markets under Subtitle B of the Energy Independence and Security Act of 2007. The FTC should use this authority to investigate manipulation in the RIN market and take enforcement actions where appropriate. Right now, that isn't happening.

In closing, the Delaware City and Philadelphia refineries employ over a thousand hardworking Delawareans, whose day-to-day work makes a positive impact on Americans across the country. The RFS also provides economic and energy opportunities for the people of my state and every state in this nation. I believe we can find a way for both industries to exist and prosper. In order to do that, our policies must address RIN market manipulation immediately. RIN market manipulation hurts both biofuel producers and refiners, and it is directly harming my constituents. That is why I urge your Administration to act urgently and use its authorities today to curb this activity.

I would be happy to discuss this matter further with you. Should your staff have questions, please feel free to contact Laura Gillam in my office at [laura\\_gillam@epw.senate.gov](mailto:laura_gillam@epw.senate.gov).

With best personal regards, I am,

Sincerely yours,



Tom Carper  
Ranking Member