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GOVERNMENT LEVIATHAN

## SMALL REFINERIES ARE CHIT OUT OF LUCK

Exclusive: Curtis Ellis pushes reforming of system requiring ethanol 'credits'

Nothing like the imminent death of 1,100 jobs to focus the mind.

The administration is ready to reform the EPA's renewable fuel program following the bankruptcy of Philadelphia Energy Solutions.

The largest refinery on the East Coast spent more than \$800 million to comply with the EPA, and blames compliance costs for its bankruptcy. The refinery employs about 1,100 people, converting some 335,000 barrels of crude oil per day to products such as gasoline, jet fuel and diesel.

Now, EPA Administrator Scott Pruitt says it's time to fix a complex 13-year-old program the federal government concocted to promote the use of ethanol.

The federal government requires 15.7 billion gallons of ethanol be blended into fuel. As WND has reported, global oil companies have blending facilities and can easily comply with the requirement. But small independent refiners such as the one in Pennsylvania lack blending facilities and are getting fleeced.

They are forced to buy ethanol "credits," paper chits known as RINs (for renewable fuel identification numbers), whose price has soared as the government mandates the use of more ethanol than the market can absorb.

Wall Street traders have cornered the market on RINs and their price has skyrocketed. Wall Street giant JPMorgan Chase is one of the biggest speculators in the paper credits.

The high cost of the credits was a factor in the shutdown of Delaware's only refinery in 2009, as well as the Philadelphia refinery earlier this year.

Jeff Warmann, president of Monroe Energy, another independent energy company, says his company spent more than \$200 million last year on ethanol chits. "That's more than we paid for the refinery," he says.

EPA Administrator Pruitt told Fox News, "We need RIN reform," citing "inflationary pressure on RINs."

A bipartisan coalition that includes Republican and Democratic lawmakers, governors and unions wants Washington to fix the Rube Goldberg scheme behind the biofuels program. It's costing jobs and actually holding back the wider use of ethanol.

Sen. John Cornyn, R-Texas, is drafting legislation to stem compliance costs for refiners, Bloomberg News reports. Sen. Ted Cruz, R-Texas, has been pushing for changes the EPA could adopt administratively.

The GOP senators are joined by high-profile Democrats including Gov. John Carney of Delaware, former Pennsylvania Gov. Ed Rendell and United Steel Workers President Leo Gerard.

It's easy to portray this as a battle pitting the Corn Belt against the Rust Belt, or jobs versus the environment, but the reality is more complex.

As it now stands, the RINs compliance system rewards Wall Street speculators, not those in the productive economy, whether producing corn or fuel.

Further, EPA gives RIN ethanol credits to companies that import ethanol made overseas – but it doesn't give credits to companies that export ethanol made in America. Thus, the rules not only discourage the export of American ethanol, they actually support foreign agriculture and manufacturing over U.S. agriculture and manufacturing.

Finally, the global oil giants profit from the current system. They essentially mint the RINs and work with Wall Street to sell them to the independents, the higher the price the better. The big players have been trying to drive out the independents since the days of John D. Rockefeller and the Standard Oil trust.

The RINs program is another example of a Washington system rigged to help the big guys at the expense of the small operators.

Reforming the biofuels accounting system will benefit workers in the Northeast, farmers in the Midwest and consumers everywhere.

Read more at <http://www.wnd.com/2018/02/small-refineries-are-chit-out-of-luck/#8U4porFrCxxAojHX.99>