

Statement of Chairman John Shimkus
Subcommittee on Environment
Hearing on “Examining Renewable Identification Numbers under the
Renewable Fuel Standard.”
July 25, 2018

(As prepared for delivery)

Good morning. Today’s hearing continues this Subcommittee’s ongoing efforts to examine the future of our nation’s transportation fuels. One of the most significant programs that influences transportation fuel in America is the Renewable Fuel Standard (RFS), today’s topic of discussion. More specifically, the focus of this hearing is to provide members the opportunity to better understand Renewable Identification Numbers, frequently referred to as RINs.

RINs are the main component of the Renewable Fuel Standard’s tradable credit system and serve as its compliance mechanism. RINs are attached to renewable fuel gallons at the time of production and they are separated when that renewable fuel is blended into the nation’s non-renewable fuel supply, at which time the blending party can use the RINs to comply with the RFS or they can trade the RINs to another party. Obligated parties, typically refineries, must submit RINs to the EPA on a yearly basis to demonstrate compliance with their annual renewable fuel obligations.

The purpose of today’s hearing is very much educational in nature and is intended to promote greater understanding of how RINs fit into the overall Renewable Fuel Standard. In order to chart a legislative path forward, it is critical that the Subcommittee first gather the facts and comprehend the various complexities of the RFS program.

With an emphasis on getting clear, objective information and answers about RINs, we have invited a panel of witnesses who can provide independent, impartial testimony based on their extensive and varied experience working with RINs. Witnesses joining us today include:

- Brent Yacobucci - the Research Manager for the Energy & Minerals Section of the Congressional Research Service who has analyzed and written on the RFS since the program’s inception;

- Sandra Dunphy – the director of Energy Compliance at Weaver and Tidwell LLP and a nationally recognized RINS expert who provides RFS-related services to a diverse range of clients;
- Paul Niznik – an energy consultant with Argus Media who specializes in RINs and will help demystify the factors effecting RINs pricing;
- Dr. Gabriel Lade – an Assistant Professor of Economics at Iowa State University who has authored multiple academic publications on the RFS which have been cited by a wide range of RFS related stakeholders and industries; and
- Corey Lavinsky – the Director of Global Biofuels with Standard and Poor’s who will explain how the RIN market works in comparison to other commodity and environmental markets.

I’d like to thank these witnesses for their attendance and participation and I look forward to hearing their perspectives on a number of subjects, such as what factors are influencing the RINs market, how the current RINs system impacts various types of stakeholders including consumers, and the prevalence and circumstances of RIN fraud.

While understanding that the topic of this morning’s hearing can bring out strong viewpoints, my hope and intent, is that this hearing will result in a constructive and productive dialogue that will further this Subcommittee’s efforts to improve the nation’s transportation fuel policies.