



CAROL WERNER
EXECUTIVE DIRECTOR

ENVIRONMENTAL AND ENERGY STUDY INSTITUTE
122 C STREET, N.W., SUITE 630 ■ WASHINGTON, D.C., 20001 ■ 202-628-1400 ■ www.eesi.org

ACTION ALERT

For Immediate Release
June 28, 2006

Contact: Jetta Wong
202.662.1885, jwong@eesi.org

Increased Bioenergy Funding from Senate Energy & Water Appropriations Subcommittee

On June 27, the Senate Energy and Water Appropriations Subcommittee funded the Bioenergy program (Sec. 931(c) of Energy Policy Act of 2005 (P.L. 109-58)), at its full authorization of \$213 million for FY07. This is an increase of \$63 million over the President's request and the House appropriation level. This is also an increase of \$123 million over the FY06 funding level. The **Regional Bioeconomy Development Grants** (Sec. 945) received \$3 million; this program was not in the President's request or in the House bill.

The Senate committee report directs the Department of Energy (DOE) to study the "reverse auction" authorized in Sec. 942, **Production Incentives for Cellulosic Biofuels**. The Senate bill also clarifies language in Title XVII of EAct 2005, Incentives for Innovative Technologies, which authorizes DOE to execute federal loan guarantees for various technologies, including the **Cellulosic Biomass Ethanol and Municipal Solid Waste Loan Guarantee Program** (Sec. 1511(b)). Loan guarantees allow eligible projects to use private financing to cover the risk premium traditionally covered by DOE, but still provide the credit backing of the federal government. This can lower the cost of money substantially for projects and catalyze expanded investments in new technologies. The committee also provided an increase of \$3.2 million to the Energy Information Administration (EIA) to support additional surveys on ethanol and gasoline markets.

Full Committee markup is scheduled for Thursday, June 29 at 2:00 pm. The bill will go to the Senate floor after the Fourth of July recess and then will be conferenced with the House bill (H.R. 5427).

[Click here to see the Press Release from the Subcommittee](#)

[Click here to see the PDF of this release](#)

Production Incentives for Cellulosic Biofuels (Reverse Auction) Comment Period

On June 15, the Department of Energy (DOE) posted a Request for Information (RFI) concerning the cellulosic ethanol reverse auction, formally known as **Production Incentives for Cellulosic Biofuels** program (Sec. 942) of the **Energy Policy Act of 2005** (P.L. 109-58). The RFI requests comments from the public on the most efficient way to implement this section's incentives for cellulosic biofuel production; comments must be submitted by **8:00 pm ET, Friday, July 14, 2006**.

The purpose of Sec. 942 is to —

- (1) accelerate deployment and commercialization of biofuels;
- (2) deliver the first 1,000,000,000 gallons in annual cellulosic biofuels production by 2015;
- (3) ensure biofuels produced after 2015 are cost competitive with gasoline and diesel; and
- (4) ensure that small feedstock producers and rural small businesses are full participants in the development

of the cellulosic biofuels industry.

Sec. 942 provides for the establishment of a “reverse auction”, an incentive to help make cellulosic biofuels cost competitive by 2015. Sec. 942 authorizes the Secretary of Energy to set payments/gallon for cellulosic biofuels which eligible producers would receive until the first reverse auction is held. The reverse auction would require DOE to solicit bids from eligible producers. The lowest bid for payments/gallon would receive the incentive funding. This method is expected to keep prices for biofuels at a competitive level in comparison with fossil fuels.

DOE is soliciting comments on: 1) the interim period during which payments are fixed by the Secretary; and 2) the establishment and operation of the reverse auction.

Sec. 942, if properly funded and implemented, will be a boon for various parties. The Governors’ Ethanol Coalition, in a letter to the President, urged full funding of Sec. 942 (authorized at \$250 million). The new Aspen Institute report, [A High Growth Strategy for Ethanol](#), also calls for the full funding of Sec. 942, while recognizing that even this amount will be insufficient to achieve recommended goals for replacing fossil fuels. (Sec. 942 has received no appropriation to date.)

Please see the full RFI to submit comments. If you have comments to submit (or that you may already have submitted), please also send them to me at jwong@eesi.org. If we receive sufficient interest and comments, EESI will submit a compilation of comments to the DOE.

[Click here for DOE Solicitation](#)

For a list of specific questions and issues that DOE wishes comments to address, please visit:
[DOE Supplemental](#)

[Click here for GEC letter to the President](#)

[Click here for Aspen Institute report](#)

[Click here for PDF of this Action Alert](#)

If you have questions, please email or call Jetta Wong at jwong@eesi.org or (202) 662-1885.

###

The Environmental and Energy Study Institute is a non-profit organization established in 1984 by a bipartisan, bicameral group of members of Congress to provide timely information on energy and environmental policy issues to policymakers and stakeholders and develop innovative policy solutions that set us on a cleaner, more secure and sustainable energy path.