



New Government Mandates Support Renewable Energy

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2002 Farm Bill (H.R. 2646/P.L. 107-171)

Energy Title (Title IX)

**\$405 million in new mandatory
funding:**

Procurement of Biobased Products

Grants and Loans

Research and Development

CCC Bioenergy Program

Sec. 9002 Federal Procurement of Biobased Products (\$6 mil.)

- **\$1 mil/yr (FY02-07)**
- **Proposed rules to be published by Nov/Dec 2003, with 60 days for public comment**

Sec. 9004 Biodiesel Fuel Education Program (\$5 mil.)

- **1 mil/yr (\$1 mil/yr FY03-07)**
- **Educate government and private fleet managers and public on benefits of biodiesel.**

Sec. 9006 Renewable Energy System & Energy System Improvements Program (\$115 mil.)

- **\$23 mil/yr FY03-07**
- **Provides grants, loans, and loan guarantees for renewable energy systems and energy efficiency improvements**
- **Grants cover max. 25% of project costs. No loans for FY03**
- **August 2003: USDA announced awards to 113 applicants; 24 states, \$21,207,233 (anaerobic digesters: \$7 mil., \$3.9 mil for ethanol plants/anaerobic digesters, direct combustion, and fuel pellet systems.)**

Sec. 9008 Biomass Research and Development Act (\$75 mil.)

- (\$5 mil FY02, \$14 mil/yr FY03-07)
- In October 2003, USDA/DOE announced \$23 million in biomass research funding to 19 projects selected under a joint solicitation

Sec. 9010 Commodity Credit Corporation Bioenergy Program (\$204 mil.)

- Compensates producers of ethanol and biodiesel for commodity purchases to expand production
- Most traditional commodities as well as cellulosic feedstocks are eligible

Rural Development Title

Sec. 6401 Value-added Agricultural Product Market Development Program

- Amended to allow renewable energy systems to qualify for grants
 - \$40 mil./yr. mandatory
 - In 2002: 37 Biomass Projects = \$7.587mil.
 - Ex. Minnesota: \$1,968,950; 2 farm-based renewable energy projects
 - Wind Energy: \$148,000 Harvest Land Cooperative, Morgan, MN
 - Ethanol: \$250,000: Generation II Ethanol, Brewster, MN

Funding Issues

- **Sec. 9006 Renewable Energy System & Energy System Improvements Program (\$23 mil/yr.)**
 - Mandatory funding zeroed out by Administration and House Appropriations Committee; funding ultimately restored by House and Senate

- **Sec. 6401 Value-added Agricultural Product Market Development Program**
 - Mandatory funding zeroed out by Administration, House; funding protected by Senate
 - FY04 Agriculture Appropriations bill not yet in Conference
- **Clearly an issue for FY05 and beyond**

Energy Title/Value Add Contacts

SEC. 9002 Federal Procurement of Biobased Products

Contact: Roger Conway, 202-401-0461

SEC. 9004 Biodiesel Fuel Education Program

Contact: Carmela Bailey, 202-401-6443

SEC. 9006 Renew. & Effic. / Rural Development Title Programs

Contact: William Hagy, 202-720-7287

<http://www.rurdev.usda.gov/rbs/coops/vadq.htm>

SEC. 9008 Biomass Research and Development Act

Contact: Merlin Bartz, 202-720-6519

<http://www.bioproducts-bioenergy.gov>

SEC. 9010 CCC Bioenergy Program

Contact: Steve Gill, 202-720-2121

http://www.fsa.usda.gov/daco/bio_daco.htm

SEC. 6401 Rural Business Cooperative Service

Contact: James Haskell, 202-720-84608

<http://www.rurdev.usda.gov/rbs/coops/vadq.htm>

Renewable Fuels Standard (RFS)

- Sets 5 billion gallon requirement, doubling renewable fuels production by 2012 (Senate), 2015 (House)
- Requirement on refiners – not on States or consumers
 - Credits can be traded among refiners, blenders, and importers
- Cellulosic ethanol to be counted as 1.5 gallons of renewable fuel

Renewable Fuels Standard Cont'd

- Senate version would repeal the federal oxygenate, ban MTBE
- House bill does not ban MTBE
- House bill extends Liability Waiver to MTBE producers

Status: 2003 Energy Bill (H.R. 6) currently in Conference Committee: Includes Senate timeline; No MTBE ban; Includes MTBE Waivers

Conference report language released Nov. 15. Sen. Domenici expects House and Senate votes by Nov. 21. Filibuster looming.

Renewable Production Tax Credit (PTC)

- **Senate PTC extends the wind and biomass (including poultry litter) energy production tax credit through January 1st, 2007**
- **Expanded to include swine and bovine waste nutrients, geothermal energy, and solar energy.**
- **Senate PTC provides tradeable tax credits to allow public power and rural co-ops to participate in the incentive.**
- **Conference report on HR6 will determine fate of PTC**

Renewable Portfolio Standard (RPS)

- Federal level

- A 10% national standard that would apply to all states by 2020 proposed in Senate energy bill
- House version has no RPS. Federal RPS has been dropped by the Conference Committee

- State Level

- 13 State RPS Programs
- 12,400 megawatts (MW) of new renewable electricity capacity in the US by 2012
- Enough to power 7.6 million homes

State Public Benefit Funds

- **23 states (plus the District of Columbia) have enacted PBF's. More than half specifically promote biomass**
- **Generally state-wide programs**
- **Support for renewable energy resources, energy efficiency initiatives, low-income support programs**
- **Most commonly supported through a charge to all customers on electricity consumption**

State Renewable Energy Incentives with Biomass Provisions

1) Financial Incentives

- State Grant Programs (16 states)
- Production Incentives for Renewable Power Generation and Fuels (11 states)
- Loan Programs (15 states)
- Property Tax Incentives (10 states)
- Personal Income Tax Incentives (10 states)
- Corporate Tax Incentives (17 states)
- Sales Tax Incentives (9 states)
- Industrial Recruitment Incentives (4 states)
- Rebate Programs (5 states)

State Renewable Energy Incentives with Biomass Provisions (cont'd)

2) Rules & Regulations

- **Construction and Design Policies (2 states)**
- **Generation Disclosure Rules (17 states)**
- **Green Power Purchasing/Aggregation Policies (8 states)**
- **Net Metering Rules (25 states)**
- **Public Benefit Funds (13 states)**
- **Renewable Portfolio Standards/Set Asides/Goals (16 states)**
- **Required Utility Green Power Option (5 states)**

State Renewable Energy Incentives with Biomass Provisions (cont'd)

3) Outreach & Voluntary Programs

- Outreach Programs (6 states)
- Utility Green Pricing Programs (22)



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