

# U.S. Congressional Action on Biofuel Policies

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# ***EESI: Advancing Innovative Solutions!***



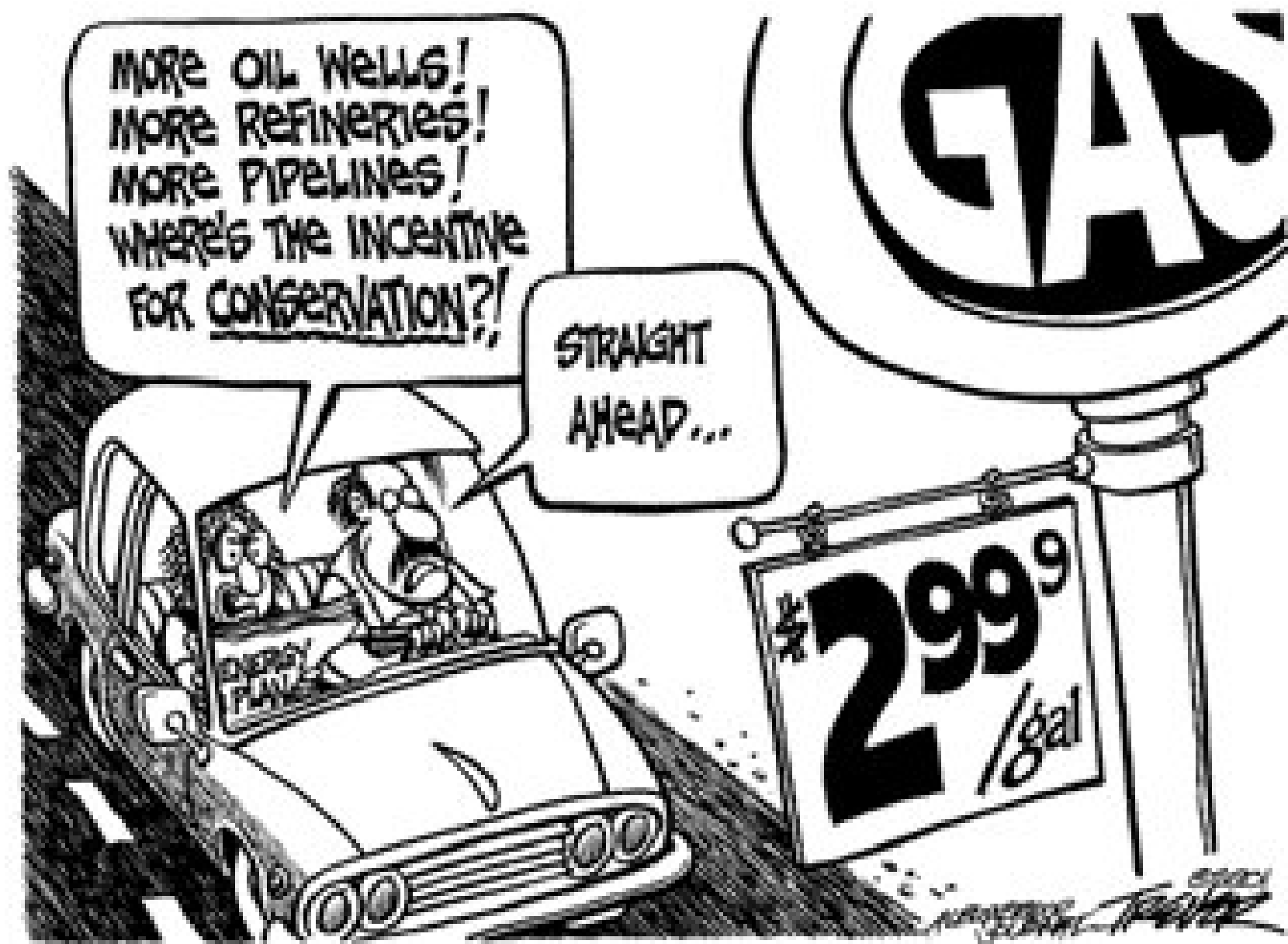
- Dedicated to promoting sustainable societies through innovative policies on energy, climate, transportation, agriculture, and smart growth
- Founded in 1984, by a bipartisan Congressional Caucus
- Provides timely information regarding science, policy, and technologies
- Organizes ~20 Congressional briefings a year
- Builds coalitions and networks
- Publishes 3 electronic newsletters
  - BCO – Bioenergy, Climate Protection & Oil Reduction
  - Climate Change News
  - National Clean Bus update
- EESI Associates Program allows companies and individuals to participate



# Ag can be a part of the Clean Energy and Climate Solution

- **There is No Silver Bullet**
- New Policies
- New Technologies
- New Feedstocks (including wastes)
- Conservation & Efficiency Efforts
- Decreased Petroleum for Transportation Needs
  - Flex-Fuel Vehicles/Plug-In Hybrids
  - Biobased products and renewable energy can reduce fossil energy use/ greenhouse emissions





# Broad Goals

- Climate Change
- Environmental Stewardship
- National Energy and Security
- Public Health
- International Competitiveness
- Bridge Between Urban and Rural Communities
- Diversify and Grow the Domestic Agriculture Portfolio while Decreasing Dependence on Export Markets
  - Economic Development
  - Local Ownership



# **Major Biofuel Policy**



## 2002 Farm Bill (P.L. 107-171): Energy Title

- Sec. 9002 Procurement of Biobased Products (\$1 mil/yr)
- Sec. 9003 Biorefinery Development Grants
- Sec. 9004 Biodiesel Fuel Education Program (\$1 mil/yr)
- Sec. 9005 Energy Audit and Renewable Energy Development Program
- Sec. 9006 RE/EE Improvements (\$23 mil/yr)
- Sec. 9007 Hydrogen and Fuel Cell Technologies
- Sec. 9008 Biomass R&D Act of 2000 (\$63 mil/yr)
- Sec. 9009 Carbon Sequestration Research
- Sec. 9010 CCC Bioenergy Program (\$150 mil/yr)



# Energy Policy Act of 2005 (P.L. 109-58)

## Some Wins

- Renewable Fuel Standard
- Biomass Research and Development Act of 2000
- Procurement of Biobased Products
- Small Business Bioproduct Marketing & Certification Grants
- Regional Bioeconomy Development Grants
- Preprocessing and Harvesting Demonstration Grants
- Education and Outreach
- Integrated Biorefinery Demonstration Projects
- Production Incentives for Cellulosic Biofuels (reverse auction)
- Loan Guarantee Program



**What Congress is  
working on now...**



# Parallel Legislation & Jurisdiction

- Farm Bill
  - Several issues can be included here: rural development, forest products, land-grant universities, feedstock production, biorefinery development, etc.
- Energy Bills
  - Expanded Renewable Fuel Standard, infrastructure, research, and tax credits, etc.
- Climate Bills
  - Carbon tax, cap and trade, low carbon fuel etc.



# Farm Bill Reauthorization

## Policy Options

- Research
- Feedstocks
- Project demonstration
- Safety-net
- Rural development





# Major Farm Bill Options

- Baseline extension of the 2002 Farm Bill
- Tweaks to existing bill, but no major changes
- Increased funding for conservation, renewable energy, and nutrition programs - Rep. Peterson (D-MN) and Sen. Harkin (D-IA)
- Farm Bill with significant reductions in commodity payments (Representatives Kind (D-WI), Flake (R-AZ) and Sen. Lugar (R-IN))



# Farm Bill Complications

- Tight budget year (PAYGO)
- Lower budget baseline
- Changes in the current commodity program
- Trade negotiations and WTO
- Increased number of interest groups: energy, forestry, specialty crops, etc.
- Implications for local ownership due to consolidation of the industry
- **Timeline delays for floor action**



# Farm Bill Action

## Senate

- Committee mark up in September
- Possibility of a 6-7 year bill instead of a 5 year bill to help increase baseline

## House

- Committee mark up and floor action in July
- Two bills have been presented by Peterson (D-MN)
  - Baseline bill as an extension
  - Expanded bill with a \$17.5 billion increase for conservation, energy (\$2 billion), nutrition, forestry and specialty crop programs.



# Research in the Farm Bill

## Policy Options

- Appropriate feedstocks for all different regions of the country
- Increased yields with low inputs
- Sustainable harvesting and storage techniques
- Holistic approach on the interaction between climate, soil, native species, water, wildlife habitat, natural pests and the production of biomass feedstocks

## Political Realities

- Funding continues to go down for landgrants
- Competition for funds: research vs. grants and loans for biorefineries



# Feedstock Production in the FB

## Policy Options

- Modify the Conservation Reserve Program (CRP) to include land dedicated to grow energy crops.
- Increase and modify Conservation Security Program (CSP) to include energy crops
- Create a new program (WTO compliant) dedicated to conservation and energy production?
- Develop research plots across the country for gathering information on possible dedicated energy crops



# Rural Development in the FB

## Policy Options

- Increased Human Capacity Infrastructure
  - Public-private partnerships, Management assistance, Strategic business and financial planning, Continuing education, Spur innovation
- Biorefineries: Grants and Loans
  - Need to get plants up and running to demonstrate technologies.

## Political Realities

- Expanded Sec. 9006 with broad support from Congress to get plants in the ground
- Bipartisan support for renewable energy



# Rural Development: Forestry

## Policy Options

- Forest Products Industry
  - Jobs, Infrastructure and High value biobased products
- Federal Programs
  - Biomass Utilization (EPAct '05)



## Political Realities

- Public vs. Private Forests and environmental concerns
- Forestry community is a bigger player than in the past
- Little funding for this



# Energy Bills

- Biofuels
  - Modifications to the Renewable Fuel Standard
  - Biorefinery Grants and Loan Guarantees
  - Research
  - Tax Credits
- Infrastructure Development
  - Vehicles
  - Fueling Pumps
  - Research



# Senate Bill: H.R. 6

- Renewable Fuel Standard
  - Requires 8.5 BGY of renewable fuels in 2008 increasing to 36 BGY by 2022.
  - Requires 3 BGY in 2016 of advanced biofuels and increases to 21 BGY in 2022.
  - Biofuels must emit 20% fewer lifecycle carbon emissions compared to gasoline.
  - Btw 2008-2015 cellulosic biomass ethanol receives a 1:2.5 credit.



## Senate Bill: H.R. 6 (con't)

- Grants and loan guarantees for pilot facilities
- Infrastructure Pilot Program
  - 10 pilot geographically-dispersed refueling infrastructure corridors
  - Funding for up to 2 years
- 11 Bioresearch Centers
- Studies and Research:
  - Feedstock production and sustainability
  - Higher biofuel blends
  - Pipelines
  - Vehicles



# House: 11 Committees with Energy Legislation

- Energy and Commerce Committee (six bills)
- Ways and Means Committee, the Renewable Energy and Energy Conservation Tax Act of 2007 (H.R. 2776)
- Agriculture Committee
- Appropriations Committee
- Foreign Affairs, The International Climate Cooperation Re-engagement Act (H.R. 2420)
- Natural Resources Committee, Energy Policy Reform and Revitalization Act of 2007 (H.R. 2337)
- Education and Labor Committee, Green Jobs Act (H.R. 2847)
- Small Business Committee, The Small Energy Efficient Business Act (H.R. 2389)
- Oversight and Government Reform Committee, Carbon-Neutral Government Act (H.R. 2635)
- Science and Technology Committee (seven bills)
- Transportation and Infrastructure Committee, Transportation Energy Security and Climate Change Mitigation Act of 2007 (H.R. 2701)



# House Biofuels Topics

- Renewable Fuels Infrastructure Development
  - Grant program for installation, replacement, or conversion of existing infrastructure
- Prohibition of Franchise Agreement Restrictions on Renewable Fuel Infrastructure
- Studies and Research:
  - Renewable Fuel Dispenser Requirements
  - Pipeline Feasibility
  - Ethanol-Blended Gasoline
  - Adequacy of Railroad Transportation
- Grants for Cellulosic Ethanol Production
- Bioresearch Centers
- Biorefinery Energy Efficiency



# Energy Bill Complications

- Coal-to-liquids
  - Defeated: Shimkus (R-IL) offered an amendment to increase the use of alternative fuels in the United States to 35 billion gallons by 2025
- Environmental concerns for feedstocks and fuels
  - Lifecycle Analysis
  - International implications of feedstock production (forests)
  - Sensitive lands exclusions
- Corn vs. Cellulose
- Carbon reduction legislation
  - Where is the intersection with energy?



# Climate Bills

## Policy Options

- Low Carbon Fuel Standard
- Cap and Trade
- Carbon Tax
- Discrete energy measures

## What's going on now...

- Democratic Leadership in the Senate and the House want a climate bill
- Caucus is divided (Dingell vs. Pelosi)
- Timing is an issue
- Administration opposed to cap-and-trade
- Some industry pushing to get climate legislation before the next Presidential election



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