U.S. Congressional Action on Biofuel Policies

Jetta Wong
Environmental & Energy Study Institute
122 C St. NW, Suite 630
Washington, DC 20001
Phone: (202) 662-1885
Fax: (202) 628-1825
www.eesi.org

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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
MORE OIL WELLS!
MORE REFINERIES!
MORE PIPELINES!
WHERE'S THE INCENTIVE
FOR CONSERVATION?!

STRAIGHT AHEAD...

$2.999 /gal
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)
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)
- Agriculture Committee
- Appropriations Committee
- Foreign Affairs, The International Climate Cooperation Re-engagement Act (H.R. 2420)
- Education and Labor Committee, Green Jobs Act (H.R. 2847)
- 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
For more information contact:

Jetta Wong
(202) 662-1885
jwong@eesi.org

or

Carol Werner
(202) 662-1881
cwerner@eesi.org

www.eesi.org