
NASEO ENERGY OUTLOOK CONFERENCE -- 2006

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EESI: Seeking Innovative Environmental and Energy 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 and Oil Reduction
 - National Clean Bus Update
 - Climate Change News
- EESI Associates Program allows companies and individuals to participate

Regional Biomass Energy Program

Regional Biomass Energy Programs/National Biomass Initiative: provides leadership, outreach and technical assistance to advance the use of biomass.

- ❑ Great Lakes Regional Biomass Energy Program (Council of Great Lakes Governors)
- ❑ Northeast Regional Biomass Energy Program (Coalition of Northeastern Governors Policy Research Center)
- ❑ Pacific Regional Biomass Energy Program (DOE's Western Regional Office)
- ❑ Southeast Regional Biomass Energy Program (Southern States Energy Board)
- ❑ Western Regional Energy Program (Western Governors Association)

Regional Biomass Program Funding Issues

History

- The regional program was first established in 1983 in the Energy and Water Appropriations Act
- For many years funding was included in DOE's budget request
- However, recent years DOE has not funded it, requiring Congressional action for funding

Current Situation

- Program received **NO** FY06 funding
- Will operate through '06 using FY05 appropriation
- Was not reauthorized in EPACT 2005

Regional Biomass Energy Program: Possible Funding Solutions

- Appropriations for FY07 – USDA, DOE?
 - Agriculture Appropriations?
 - Energy and Water Appropriations?
- Reauthorization of program
 - Farm Bill
 - Fuel Choices for American Security Act or other legislative vehicle
 - Other suggestions?

Northeast Biomass Energy Program

“5 in 5 Initiative”: 95% low-sulfur heating oil and **5% biodiesel** in **5 years**

- Broad coalition of stakeholders from the Northeast
- Immediate market for 300 million gallons of biodiesel
- Thus far no draw-backs with using biodiesel in heating oil
- Works great from a distribution standpoint
- Price should not be a factor and in fact it might be cheaper
- NBEP Role:
 - Education and Outreach for consumers, distributors and suppliers
 - Technical Assistance

<http://www.nrbp.org/index.htm>

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Western Governors' Association

Clean and Diversified Energy Initiative: Biomass Task Force Report (2006)

- Biomass has the potential to supply 15,000 MW electricity to the Western States by the year 2025 (18 states & 3 territories)
- At a production cost of 8 cents per kWh, 10,000 MW could be provided
- Biomass could come from Forest (50%), Urban (35%) and Agriculture (15%) resources.
- Identifies significant benefits from bioenergy technologies (e.g. Waste Reduction)

<http://www.westgov.org/index.htm>

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

Some Wins

- Renewable Fuel Standard
- Clean Renewable Energy Bonds
- Biomass Research and Development Act of 2000
- Integrated Biorefinery Demonstration Projects
- Production Incentives for Cellulosic Biofuels (reverse auction)
- Credit for Installation of Alternative Fueling Stations
- Use of Alternative Fuels by Dual-Fueled Vehicles

Renewable Fuels Standard (Sec. 1501)

- 7.5 billion gallons of renewable fuels to be sold or dispensed in 2012
- One gallon of cellulosic ethanol or waste-derived ethanol will be counted as 2.5 gallons
- After 2012, the 2.5-to-one ratio no longer applies. But, the RFS will require annual minimum of 250 million gallons of cellulosic biomass fuels

Should the RFS be increased?

Should there be a carve-out for cellulosic? biodiesel?

Clean Renewable Energy Bonds (Sec. 1303)

- Provision created to provide incentives for public power, tribes and co-ops
- \$800 million over 2 years with a minimum of \$300 million for co-ops
- Projects are prioritized according to dollar amount with the smallest projects at the front of the queue
- **Applications due to the IRS April 26, 2006**

Agriculture Biomass R&D Programs

Sec. 941 Amendments to Biomass R&D Act of 2000

- Authorizes \$200 mil/yr. FY06-15; previous authorization level was \$63 mil/yr FY02-07

Sec. 942 Production Incentives for Cellulosic Biofuels

- Authorizes \$250 million for “reverse auction” incentive to reach 1 billion gallons cellulosic biofuels production by 2015

Sec. 943 Procurement of Biobased Products

- Establishes procedures to comply with Sec. 9002 of the 2002 Farm bill to procure biobased products for the Capitol Complex.

Sec. 944 Small Business Bioproduct Marketing & Certification Grants

- Provides competitive grants for marketing and for certification of biobased products. **Authorized \$1 mil for FY06 and “such sums as necessary” for FY07-15**

Agriculture Biomass R&D Programs (cont'd)

Sec. 945 Regional Bioeconomy Development Grants

- Competitive grants for coordination, education, and outreach to support and promote growth and development of a bioeconomy. \$1 million authorized for FY06 and “such sums as necessary” for FY07-15

Sec. 946 Preprocessing and Harvesting Demonstration Grants

- Competitive grants for the purpose of demonstrating cost-effective, cellulosic biomass innovations. \$5 mil/yr. authorized for FY06-10

Sec. 947 Education and Outreach

- Authorized \$1 mil/yr for education and outreach on biobased fuels and biobased products for FY06-10

Integrated Biorefinery Demonstration Projects (Sec. 932(d))

- Distributed geographically
- Must encourage:
 - Wide variety of lignocellulosic feedstocks
 - Commercial application of biomass technologies
 - Liquid transportation fuels
 - High-value biobased chemicals
 - Substitutes for petroleum based feedstocks
 - Energy for electricity or heat
 - Demonstration of collection and treatment
- Authorization (in millions) FY07 \$100, FY08 \$125 and FY09 \$150

Credit for Installation of Alternative Fueling Stations

- Gives gas station owners a tax credit of 30%, up to \$30,000, of the cost of installing an E85 pump or converting an existing pump for E85
- Letter was sent by 10 senators to Treasury Secretary John Snow, urging implementation of tax credit.
 - Senators Barack Obama (D-IL), Dick Durbin (D-IL), Mark Dayton (D-MN), Norm Coleman (R-MN), Tom Harkin (D-IA), Evan Bayh (D-IL), Dick Lugar (R-IL), Jim Talent (R-MO), Ken Salazar (D-CO), and Sam Brownback (R-KA)

Use of Alternative Fuels by Dual Fueled Vehicles (Sec. 701)

- Closes loophole in alternative fuel use by light-duty federal vehicles (42 U.S.C. 6374)
- Amendment requires Federal alternative fueled vehicles to be operated on alternative fuels unless DOE Secretary provides waivers

Governors' Ethanol Coalition (GEC)

Recommendations

Requests total of \$550 million for FY07 for
USDA/DOE Bioenergy Programs

- ❑ DOE Biomass Program: \$100 million
- ❑ Integrated Biorefinery Demonstration (Sec. 932(d) of EPACT '05): \$100 million
- ❑ USDA's Biomass Research and Development Program (Sec. 941 of EPACT '05): \$100 million for cellulosic
- ❑ 'Reverse Auction' Production Incentive for Cellulosic Biofuels (Sec. 942 of EPACT '05): \$250 million

GEC Recommendations

Creation of National Bioenergy Trust Fund

- ❑ Serious national leadership effort needed
- ❑ Need consistently well-funded program of research, demonstration, and infrastructure development
- ❑ Current funding not consistent or adequate
- ❑ Example: DOE Biomass Program has a modest budget and has been further constrained by Congressional earmarks (57% in FY06)

Reauthorization of the Farm Bill

- Important Sections
 - Sec. 9006 (Renewable Energy and Energy Efficiency Improvements)
 - Sec. 6401 (Value-Add Producer Grants)
- House and Senate are already reviewing ideas
 - How do we make energy more prominent in the bill?
 - Renewable energy can be the solution to:
 - Low crop prices/new revenue streams
 - Energy security issues
 - WTO pressures
 - Climate change
 - Make your suggestions known now!

Administration's Proposed FY07 Budget

USDA Programs	FY06 Enacted	Admin. FY07
Federal Procurement of Biobased Products (Sec. 9002)	\$1	?
Biodiesel Education Program (Sec. 9004)	\$1	?
Renewable Energy and Energy Efficiency Improvements (Sec. 9006)	\$23	\$10.2
Biomass R&D Act of 2000 (Sec. 9008)	\$12	\$12
Bioenergy Program (Sec. 9010)	\$60	\$0
Value-Add Producer Grants (Sec. 6401)	\$20.5	\$20.3
Total	\$117.5	\$42.3

Dollars represented in millions

Administration's Proposed FY07 Budget

DOE Biomass Program

- ❑ FY06 Appropriations \$91 million
- ❑ EPACT of 2005
 - Integrated Biorefinery Sec. 932(d) \$100 million
 - Subtitle D - Agriculture Biomass R&D Programs \$458 million
(Includes \$250 million for the 'reverse auction')
- Administration's DOE Budget FY07
 - ❑ Biomass & Biorefinery Systems R&D \$150 million



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