



Biofuels in the United States Newsletter – November 2008

To our readers: The Office of Agricultural Affairs of the U.S. Embassy in Paris would be happy to facilitate your visits to the United States. If you advise of us your travel plans we can help you organize your itinerary. Also, please do not hesitate to share any questions with us on the issues raised below.

For further information on all of the following topics, please click on the titles to access websites.

1. U.S. Policy:

USDA and DOE Release National Biofuels Action Plan¹

The Department of Agriculture (USDA) and the Department of Energy (DOE) released on October 7 the National Biofuels Action Plan (NBAP), an interagency plan detailing the collaborative efforts of Federal agencies to accelerate the development of a sustainable biofuels industry.

The President's ambitious alternative fuels production target was later followed by the Energy Independence and Security Act of 2007 (EISA) and the Food, Conservation, and Energy Act (FCEA) of 2008, which responded to the President's "Twenty in Ten" challenge with mandatory funding of more than \$1 billion for such energy activities as loan guarantees for cellulosic ethanol projects as well as other renewable energy and energy-efficiency-related programs.

The NBAP was developed and is being implemented by the Biomass Research and Development (R&D) Board. Co-chaired by USDA and DOE officials, the Board was created to coordinate the activities of federal agencies involved in biomass research and development. Its membership represents the combined expertise and resources of senior decision makers from nearly a dozen executive branch agencies and the Administration.

DOE has dedicated more than \$1 billion to research, development, and demonstration of cellulosic biofuels technology through 2009. Additionally, since 2006, USDA has invested almost \$600 million for the research, development and demonstration of new biofuels technology. For more information about the NBAP and other USDA and DOE efforts, visit the following web sites www.usda.gov/energy and www.eere.energy.gov.

Biofuels Action Plan²

Factsheet³

¹ <http://www.usda.gov/wps/portal/!ut/p/ s.7 0 A/7 0 1RD?printable=true&contentidonly=true&contentid=2008/10/0257.xml>

² <http://www.usda.gov/documents/NBAP081208.pdf>

³ <http://www.usda.gov/wps/portal/!ut/p/ s.7 0 A/7 0 1OB?contentidonly=true&contentid=2008/10/0258.xml>

Transcript of the announcement⁴

U.S. Department of Energy - Energy Efficiency and Renewable Energy FreedomCAR and Vehicle Technologies Program⁵

September 17, 2008: A new report⁶ jointly prepared by the non-partisan Center for American Progress and the Political Economy Research Institute at the University of Massachusetts⁷ concludes that a \$100 billion federal investment in clean energy technologies over the next 2 years would yield 2 million new U.S. jobs, cutting the unemployment rate by 1.3%, while putting the nation on a path toward a low-carbon economy. See the press release⁸ and report from the Center for American Progress, and for background, see the White House fact sheet⁹ on the 2008 economic stimulus package.

DOE to Invest \$4.4 Million in Six Biofuels Research Projects¹⁰

On September 10, DOE announced that it had selected six University-led advanced biofuels projects to receive up to \$4.4 million, subject to annual appropriations. The awardees—Georgia Tech Research Corporation, the University of Georgia, the University of Maine, Montana State University, Steven's Institute of Technology in New Jersey, and the University of Toledo in Ohio—will all receive funding to conduct research and development of cost-effective, environmentally friendly biomass conversion technologies for turning non-food feedstocks into advanced biofuels. Combined with a University cost share of 20%, more than \$5.7 million is slated for investment in these projects. See the DOE press release¹¹.

USDA awards \$35 million for renewable energy and energy efficiency projects¹²

On August 27, Agriculture Secretary announced that 639 individuals and businesses in 43 states and the Virgin Islands have been selected to receive \$35 million in grants and loan guarantees for renewable energy systems or to improve energy efficiency in farm and business operations. The grants and loan guarantees are being awarded through USDA Rural Development's Section 9006 Renewable Energy Systems and Energy Efficiency Improvements program. The program provides financial assistance to agricultural producers and rural small businesses to support renewable energy projects across a wide range of technologies encompassing biomass (including anaerobic digesters), geothermal, hydrogen, solar and wind energy. It also provides support for energy efficiency improvements, helping recipients reduce energy consumption and improve operations.

EPA Decision on Texas Request for Waiver of Portion of Renewable Fuel Standard¹³

The renewable fuel program adopted in the Energy Policy Act of 2005 was expanded in the Energy and Independence Security Act of 2007 to require gasoline to contain a specified volume of renewable fuel.

⁴ <http://www.usda.gov/wps/portal/!ut/p/ s.7 0 A/7 0 1OB?contentidonly=true&contentid=2008/10/0259.xml>

⁵ http://www1.eere.energy.gov/vehiclesandfuels/news/printable_versions/news_detail.html?news_id=11982

⁶ http://www.americanprogress.org/issues/2008/09/pdf/green_recovery.pdf

⁷ <http://www.peri.umass.edu/>

⁸ http://www.americanprogress.org/issues/2008/09/green_recovery.html

⁹ <http://www.whitehouse.gov/news/releases/2008/02/20080213-5.html>

¹⁰ http://apps1.eere.energy.gov/news/news_detail.cfm/news_id=11974

¹¹ <http://www.energy.gov/news/6525.htm>

¹² <http://www.usda.gov/wps/portal/!ut/p/ s.7 0 A/7 0 1OB?contentidonly=true&contentid=2008/08/0219.xml>

In April of 2008, the Governor of the State of Texas requested a fifty percent waiver of the national volume requirements for the renewable fuel standard (see July 2008 biofuels newsletter¹⁴). After the required period of public comment, the EPA denied Texas' waiver request finding that the evidence did not support Texas' claim that implementation of the RFS mandate during the time period at issue (September 1, 2008 through August 31, 2009) would severely harm the state's economy. The EPA's decision set forth the Agency's general expectations for future waiver requests, including the types of information and analysis that should accompany a waiver request.

The EPA's decision was applauded on August 7 by the Renewable Fuels Association¹⁵.

CRS Report for Congress: Renewable Energy Policy in the 2008 Farm Bill¹⁶

The Food, Conservation, and Energy Act of 2008 extends and expands many of the renewable energy programs originally authorized in the 2002 Farm Bill. The bill also continues the emphasis on the research and development of advanced and cellulosic bioenergy authorized in the 2007 Energy Independence and Security Act. The 2008 Farm Bill energy title provides \$1 billion in financial incentives and support to encourage the production of advanced (mainly cellulosic) biofuels. Grants and loan guarantees leverage industry investments in new technologies and the production of cellulosic feedstocks.

In keeping with the promotion of cellulosic ethanol, a blenders' credit of \$1.01 per gallon applies to ethanol produced from qualifying cellulosic feedstocks. This tax credit is intended to spur investment in cellulosic ethanol production. The existing ethanol blenders' tax credit of \$0.54 per gallon (which applies to all ethanol blended, including imports) falls to \$0.45 per gallon the first year following that year in which U.S. ethanol production and imports exceed 7.5 billion gallons. The tariff of \$0.54 per gallon, which was set to expire at the end of 2008, is now extended to the end of 2010.

DOE and USDA Announce More than \$10 Million in Bioenergy Plant Feedstock Research¹⁷

On July 31, U.S. Department of Energy (DOE) and U.S. Agriculture announced plans to award 10 grants totaling more than \$10 million to accelerate fundamental research in the development of cellulosic biofuels. The grants will be awarded under a joint DOE-USDA program begun in 2006 which aims to accelerate fundamental research in biomass genomics to further the use of cellulosic plant material for bioenergy and biofuels. DOE's Office of Biological and Environmental Research will provide \$8.8 million while USDA's Cooperative State Research, Education and Extension Service will provide \$2 million to nine Universities and one research institute. Read more on plant feedstocks genomics for bioenergy¹⁸.

USDA awards \$6.9 million for renewable energy and energy efficiency projects¹⁹

On July 22, Agriculture Secretary Ed Schafer announced that 27 individuals and businesses in seven states have been selected to receive \$6.9 million in loans and grants for renewable energy systems or to increase energy efficiency in farm and business operations. The funds are being provided under USDA Rural Development's Renewable Energy Systems and Energy Efficiency Improvements Program.

¹³ <http://www.epa.gov/otaq/renewablefuels/420f08029.htm>

¹⁴ <http://www.usda-france.fr/media/july2008biofuelsnewsletter.pdf>

¹⁵ <http://renewablefuelsassociation.cmail1.com/e/481403/l/>

¹⁶ http://assets.opencrs.com/rpts/RL34130_20080801.pdf

¹⁷ <http://www.energy.gov/news/6444.htm>

¹⁸ <http://genomicsgtl.energy.gov/research/DOEUSDA/index.shtml>

¹⁹ <http://www.usda.gov/wps/portal/lut/p/ s.7 0 A/7 0 1OB?contentidonly=true&contentid=2008/07/0192.xml>

The Renewable Energy and Energy Efficiency loan and grant program was established under Section 9006 of the 2002 Farm Bill to encourage agricultural producers and rural small businesses to install renewable energy systems and energy efficient improvements. The program's funding can support a wide range of technologies encompassing biomass (including anaerobic digesters), geothermal, hydrogen, solar, and wind energy, as well as energy efficiency improvements.

DOE to Provide up to \$40 Million in Funding for Small-Scale Biorefinery Projects in Wisconsin and Louisiana²⁰

The U.S. Department of Energy (DOE) announced on July 14 the selection of two small-scale cellulosic biorefinery projects in Park Falls, Wisconsin and Jennings, Louisiana for federal funding of up to \$40 million over five years. These two biorefinery projects are the final round of selections for DOE's competitive small-scale biorefinery solicitation.

The July 14th announcement is part of more than \$1 billion in investment that DOE has announced for multi-year biofuels research and development projects. These small-scale projects complement the Department's investment in commercial-scale biorefineries. The full-scale biorefineries focus on near-term commercial processes, while the small-scale facilities will verify integrated operations at a reduced size with diverse feedstocks using novel processing technologies.

See biofuel projects locations²¹

DOE Commits \$850,000 to Support NGA Energy Initiatives²²

On July 13, U.S. Department of Energy (DOE) announced that it will provide \$850,000 this fiscal year to support the National Governors Association's (NGA) work to enact energy policies at the state level that will help develop and deploy cleaner sources of energy to power America's vehicles, homes and workplaces more efficiently. This year's DOE funding will be used to:

- Provide technical support for development of state energy policies;
- Inform states on how to leverage their research and development investments in advanced energy technologies;
- Advise states on how to use public assets and procurement policies to foster the use of advanced energy technologies and practices in the private sector;
- Increase states' resiliency to energy supply disruptions; and
- Promote future state energy policy dialogues and educational sessions.

2. Economic Reports/Perspectives

September 10 NCGA Statement: Ethanol Part of Energy Solution²³

In 2008 the United States will import nearly two-thirds of its oil needs, the vast majority from unstable regimes in the Middle East. Already, corn-based ethanol is making a difference, displacing 330,000 barrels of imported oil a day. (...) "Our vision is to be an industry producing 15 billion bushels of corn and providing 15 billion gallons of ethanol by the year 2015," said the president of the National Corn Growers

²⁰ <http://www.energy.gov/news/6413.htm>

²¹ http://www.energy.gov/media/Biofuels_Project_Locations.pdf

²² <http://www.energy.gov/print/6412.htm>

²³ <http://www.hpi.com/archives/2008/sep08/sep22/NGA-Ethanolpartofenergysol.cfm>

Association. (...) The industry (is) already nearing its goal with a predicted harvest of more than 12 billion bushels of corn this fall, a portion going to the production of 9 billion gallons of ethanol. For every barrel of ethanol that is produced, 1.2 barrels of petroleum are replaced. A commodity strategist for Merrill Lynch recently estimated that expanding biofuel production has helped reduce the price of gas by 15 percent.

ERS Briefing Room: Bioenergy Overview²⁴

Rising fossil fuel prices and policy changes, including the passage of the Energy Independence and Security Act (EISA) of 2007, have created an environment where research development and investment in renewable energy sources have gained new momentum. In the United States at this time, ethanol (produced mainly from corn) is the largest source of bioenergy used as a fuel additive or substitute for petroleum fuel, while biodiesel (made from vegetable oils and fats) provides a smaller share of bioenergy. Biofuels currently account for roughly 5 percent of overall transportation fuel use in the United States, and the use of biofuels is targeted to reach 36 billion gallons by 2022 under the EISA Renewable Fuels Standard. The rapid increase in grain-based ethanol production and the potential use of cellulosic materials as an ethanol feedstock affect agricultural markets, local communities, consumer prices, and environmental quality.

Contact:

U.S. Embassy: : <http://france.usembassy.gov>
Paris Office of Agricultural Affairs: <http://www.usda-france.fr>
USDA/FAS: <http://www.fas.usda.gov>
Contact: Marie-Cécile Hénard, Agricultural Economist
Marie-Cecile.Henard@usda.gov
Tel: 01 43 12 23 68
Fax: 01 43 12 26 62



NEW!

²⁴ <http://ers.usda.gov/Briefing/Bioenergy/>