



March 30, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
S-221, US Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, US Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, US Capitol
Washington, DC 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
H-204, US Capitol
Washington, DC 20515

Senator Reid, Senator McConnell, Speaker Pelosi and Representative Boehner:

On behalf of the Industrial and Environmental Section of the Biotechnology Industry Organization and its members, I am writing to urge a major federal investment in the entire value chain of advanced biofuels and biobased products.

Commercialization is needed to move advanced biofuels and emerging biobased materials to market, including research, development, demonstration and deployment. Areas requiring major investment include but are not limited to: feedstock development; collection, delivery and transportation of feedstocks and products; pre-processing technologies; enzymes and fermentation organisms; algal oil production; alternative fuel distribution networks and vehicles; and biorefinery construction. A broad and coordinated system of policies, including grants, loans, loan guarantees and tax incentives should be made available to assist a wide range of technology developers and business models.

We also must work towards advancing the concept of the biorefinery beyond just biofuels. A biorefinery uses renewable feedstocks and co-products to replace petroleum feedstocks to create several products, including fuels, chemicals, fibers and plastics. The modern biorefinery will aid in reducing our petroleum consumption and thus our dependence on foreign oil for fuel and products.

Finally, we must incentivize industrial biotechnologies that reduce greenhouse gas production and capture, sequester and utilize atmospheric greenhouse gases.

To achieve these goals, the following policies are recommended:

1) Implement a Comprehensive Systems Approach to Advanced Biofuels and Biobased Products Deployment

- Direct the Secretaries of Energy and Agriculture to cooperate in developing a comprehensive systems approach to federal support for advanced biofuels and biobased products deployment that recognizes the need for coordinated end-to-end infrastructure development. Refer to the recent

Sandia National Laboratory Report, “90-Billion Gallon Biofuel Deployment Study” at <http://bio.org/ind/ExecutiveSummary.pdf> for detailed background information.

2) Inject Immediate Capital for Biorefinery Construction, Feedstock Development, and Fuel Delivery Infrastructure

- Boost funding and quickly issue loans and loan guarantees for biorefinery construction
 - DOE Biorefinery Loan Guarantees (2009 Stimulus / 2005 EAct Sec. 1705)
 - USDA Biorefinery Assistance Program (2008 Farm Bill Sec. 9003)
- Initiate demonstration projects throughout the country for the establishment, production, harvest, collection, storage and transportation of cellulosic and algal feedstocks
 - Expedite Biomass Crop Assistance Program (BCAP) (2008 Farm Bill Sec. 9011)
- Major investment in fuel delivery infrastructure
 - Fund rail expansion, construction of blending facilities, E85 fuel pumps and flex fuel vehicles

3) Ensure Strong Market for Advanced Biofuels

- Maintain Renewable Fuels Standard (RFS) (2007 EISA Sec. 202)
- Address blend wall
 - Certify higher ethanol blends
- Extend cellulosic producer tax credit
 - Extend Section 40 Cellulosic Biofuel Production Tax Credit through 2017 (currently set to expire 12/31/2011)
- Fund DOE Reverse Auction for first 1 billion gallons of cellulosic biofuel
 - Authorized under 2005 EAct Sec. 942; NOPR public comment concluded Jan 2009

4) Incentivize the Full Range of BioBased Products Produced by Biorefineries

- Ensure renewable chemicals and biobased products facilities are eligible for biomass R&D and biorefinery grant/loan programs
 - Some programs, such as DOE Biorefinery Loan Guarantees are restricted to fuels only
- Create production tax credit for manufacture of advanced biobased chemicals and products
- Aggressively fund and implement USDA Biobased Markets Program (2008 Farm Bill Sec. 9002)

5) Aggressively Fund Ongoing RD&D to Maximize Economic Competitiveness, Sustainability and GHG benefits of Advanced Biofuels and Biobased Products

- Maintain Stimulus-Level Funding for Biomass and Biorefinery RD&D and Commercialization Through the DOE Bioenergy Program (2005 EAct Sec. 932)
 - Received \$800 million increase in 2009 Stimulus Bill, maintain this level through 2017

- USDA Biomass R&D Program (2008 Farm Bill Sec. 9008)
 - Match DOE R&D funding to ensure adequate cellulosic and algal feedstock development
- Aggressively fund research to maximize the sustainability of biofuels and biobased products

6) Explicitly Incentivize Greenhouse Gas Reducing Biotechnologies in Climate Legislation

- Allocations. A meaningful portion of allowances and/or revenues from the auction of allowances should be allocated to aggressively fund existing DOE and USDA advanced biofuels and biobased products programs.
- Offsets and credits. Offset language should expressly recognize biotechnology solutions that reduce energy consumption and GHG emissions, such as industrial bioprocesses that reduce heat/power consumption, sequestration technologies, such as algae scrubbers, and crop varieties that increase plant yields and increase soil carbon sequestration.
- Land-use. To the extent emissions associated with land use are considered, all technologies and land use choices must be evaluated on a level playing field, using rigorously developed and consistent scientific methodology that is uniformly applied.

The need to integrate these policies is monumental and crucial in order to quickly establish a sustainable advanced biofuels industry. BIO also recommends that these policy priorities be included in any energy and climate change legislation now being developed to incentivize industrial biotechnology processes that will lessen our dependence on foreign sources of oil and greenhouse gas emissions.

Sincerely,



Brent Erickson
Executive Vice President
Industrial and Environmental Section
Biotechnology Industry Organization