

March 23, 2010

The Honorable Peter J. Visclosky
Chairman
Subcommittee on Energy and Water
Committee on Appropriations
Room 2362-B Rayburn House Office Building
Washington, DC 20515

The Honorable Rodney P. Frelinghuysen
Ranking Member
Subcommittee on Energy and Water
Committee on Appropriations
Room 1016-A Longworth House Office Building
Washington, DC 20515

Dear Chairman Visclosky and Ranking Member Frelinghuysen:

We are writing to recommend the Subcommittee fund Section 942 of the Energy Policy Act of 2005 (herein "942"), Production Incentives for Cellulosic Biofuels, with \$25 million in Fiscal Year 2011. This is a very targeted, affordable program to help ensure near-term deployment and commercial success of low-carbon cellulosic pioneer plants in the United States.

The 942 program, run by the Department of Energy, supports the production of cellulosic biofuels by providing payments on a per gallon basis through a reverse auction process. This approach guarantees a wise use of federal dollars and minimizes program outlays. Numerous other federal and state governmental entities use reverse auctions to save taxpayer funds in as efficient a manner as possible.

Section 942 already received appropriations in 2008 to establish the program. DOE has followed suit with a final rule published last fall. All that is needed at this time is an appropriation to make the program move forward. Again, this modest amount will make a huge difference in the speed and success of numerous advanced biofuels start-ups.

Funding Section 942 is also important because other federal initiatives aren't sufficient for promoting commercial production of cellulosic biofuels at this time. For example, many of the first plants will not be able to utilize the existing tax credit due to a lack of sufficient tax liability. Most importantly, 942 will help the Congress pursue its economic, environmental and energy security goals under the Renewable Fuels Standard.

While we recognize the very challenging fiscal constraints facing the Committee this year, we believe Section 942 deserves funding of \$25 million dollars to help execute the President's national biofuels strategy.

Thank you for your consideration of this important request.

(as of 03/23/10)

Biotechnology Industry Organization (BIO)

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Energy Future Coalition (EFC)

Renewable Fuels Association (RFA)

Environmental and Energy Study Institute (EESI)

American Coalition for Ethanol (ACE)