

October 21, 2010

The Honorable Barack Obama
President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20501

Dear President Obama:

On behalf of the Biotechnology Industry Organization (BIO), Advanced Biofuels Association (ABFA), Algal Biomass Organization (ABO) and our over 100 advanced biofuels, renewable chemicals and biobased product member companies, we write to thank you for your dedication to developing secure, sustainable, domestic alternatives to imported petroleum, and to offer our assistance to continue to advance an aggressive, comprehensive national biofuels policy – one that maximizes innovation and drives commercialization of the range of technologies that promise to reduce our dependence on petroleum, create high quality opportunities for American workers, and deliver a sustainable, low-carbon future for transportation and manufacturing in the United States.

As articulated by Secretary Vilsack in today's speech, the U.S. biofuels industry can substantially reduce our dependence on foreign petroleum and achieve the national objectives laid out in the Renewable Fuel Standard (RFS), but to do so, we must invest aggressively in advanced biofuel technologies – and renewable alternatives to other imported petroleum-based products such as chemicals and plastics – to supplement current biofuels production. Secretary Vilsack's announcement today of final rules and funding for the Biomass Crop Assistance Program, new Regional Biomass Research Centers and procurement agreements, and funding for infrastructure and commercial advanced biorefineries sends a clear and unambiguous message that advanced biofuels have the full and dedicated support of the federal government. Your administration's commitment to this vital industry is greatly appreciated.

The advanced biofuels industry is innovative and diverse, and has made great technical strides since the revised RFS was enacted in 2007. A significant government and private sector effort has been made to bring a diverse set of feedstocks and technologies to the verge of commercial-scale production. Among our member companies, there are over 65 operating pilot and demonstration scale units in more than 30 states working to create a variety of fuels from a wide range of renewable feedstocks. Already the advanced biofuels industry has begun creating jobs and opportunities for industry, state governments, growers, research institutions and supporting sectors. But this progress is threatened.

Despite the rapid pace of technology development and backing of Congress and your administration, existing federal policies have been unable to assist much of the industry in overcoming the exceptional economic challenge of securing capital to construct first of a kind commercial advanced biofuels production facilities.

Because the advanced biofuels industry utilizes new technologies with tremendous promise but without commercial precedent, the perceived risk of financing by commercial lenders is much higher than for first generation biofuels and many renewable electricity technologies. Unfortunately, due to a variety of factors, federal policy designed to mitigate this risk has thus far resulted in only limited private sector investment in commercial advanced biofuels facilities. The important programs announced today by Secretary Vilsack establish a strong advanced biofuels policy foundation. We look forward to working with you to support these programs, and to addressing remaining barriers to rapid commercialization of advanced biofuels.

As we move forward, the following additional policies, in conjunction with the programs announced today and continued support of first generation biofuels, should be pursued aggressively to drive strong private sector investment in commercial-scale advanced biorefinery projects and unlock the full potential of the RFS.

1. Provide Opportunity, Parity and Flexibility in Tax Code

Renewable energy tax policy can more effectively promote advanced biofuels development by providing the long-term opportunity and flexibility available to other renewables such as wind and geothermal. An enduring package of advanced biofuels tax incentives that extends the cellulosic biofuel producer credit, expands feedstock eligibility, and allows developers to elect either a producer credit or refundable investment tax credit should be pursued aggressively. Equivalent tax incentives should also be provided for renewable chemicals and biobased products, which offer greenhouse gas and fossil fuel displacement benefits similar to those derived from advanced biofuels. Finally, it is important that expired tax credits for renewable diesel and alternative fuel mixtures be seamlessly extended.

2. Retool Federal Loan Guarantee Programs

As you are aware, the Department of Energy Loan Guarantee Program holds great promise, but as currently administered is not achieving its goals. Eligibility criteria for biorefinery projects must be revised to allow promising advanced biofuels and bioproducts applicants to qualify. We also urge that the USDA Biorefinery Loan Guarantee Program be finalized and implemented without further delay, and be opened to renewable chemical and biobased product projects as originally envisioned. Federal loan guarantee programs should be the primary financing source for construction of first-of-kind biorefineries so commercial banks can take over financing once the technology is demonstrated at commercial scale.

3. Support the Renewable Fuel Standard

The Administration should reinforce its commitment to the national mandate of 21 billion gallons of advanced biofuels by 2022 as part of the overall RFS goal of 36 billion gallons. To stimulate necessary investment in advanced biofuel technologies, the market needs an unwavering message that the EPA will set annual advanced biofuels volumes at the level mandated in the Energy Independence and Security Act of 2007.

We look forward to discussing with you how best to achieve these objectives. With appropriate support, the advanced biofuels community can and will build on the good work of the existing ethanol industry. In the last decade, a group led by Midwest farmers has delivered an industry that now provides nearly 10 percent of the U.S. transportation fuel supply. With the right policy support, we believe the technologies developed by the advanced biofuels industry can and must deliver the next 10 percent and beyond. Advanced biofuels can help deliver greater energy security, environmental performance, rural economic development and “green jobs” throughout the country.

We value your continuing support of innovation in the renewable fuels space and look forward to working with you to achieve these goals.

Sincerely yours,

Jim Greenwood,



President & CEO,
Biotechnology Industry
Organization



Mary Rosenthal,



Executive Director,
Algal Biomass Organization



Michael McAdams,



President,
Advanced Biofuels Association



Cc:Hon. Tom Vilsack