



# GOVERNORS' BIOFUELS COALITION

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Challenges and Answers  
Biomass 2009  
March 17-18, 2009



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## GOVERNORS' BIOFUELS COALITION

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February 17, 2009

The Honorable Barack Obama  
President of the United States  
The White House  
Washington, DC 20500

Dear Mr. President:

On behalf of the Governors' Biofuels Coalition, we appreciate your leadership on biofuels. As governors, we know the value of biofuel-related job creation, and we believe it can have a powerful impact on the nation — both immediate and lasting. However, as you stated in your remarks before the Coalition on February 28, 2006, "The challenge we face with biofuels is getting them out of the labs, out of the farms, and into the wider commercial market."

Temporarily lower oil prices and the near saturation of the 10 percent ethanol blend market are weakening the foundation of an industry that saved the nation hundreds of billions of dollars in oil imports in the past several years, while reducing greenhouse gas emissions. Moreover, the advances in the production of biodiesel are overshadowed by a tax credit that does not provide sufficient long-term assurances to investors. The impact of today's recession and these market conditions on the existing ethanol and biodiesel industries is great. However, the real threat is to the future of biofuels — cellulosic, bio-oils, advanced biofuels. Declining private investors' support for biofuels projects, and the focus, resources, and talent needed to achieve an advanced biofuels future will be lost without a market for the fuels.

We believe that biofuels can help reduce our dependency on foreign oil. Our vision for the next decade includes a growing number of flex-fuel plug-in hybrid autos that would eliminate our dependency on high-carbon imported oil. We respectfully ask you to act quickly to address the issues below and help to achieve this vision:

- **Articulate a vision for the nation's biofuels future.** As convinced as the governors are about the value of biofuels, misinformation from entrenched interests has done a great disservice to America. A continued, straight-forward message from your Administration to the American people on the role of biofuels is necessary.
- **Establish an interagency task force on lifecycle greenhouse gas emissions and transportation fuels.** This high-level task force led by the U.S. Department of Agriculture (USDA), U.S. Environmental Protection Agency (EPA), and U.S. Department of Energy (DOE) would be charged with helping to resolve the debate over the lifecycle greenhouse gas emissions of biofuels.
- **Initiate an immediate substantially similar ruling from the EPA on E15.** There has been a three

percent ethanol-gasoline blend variance, by volume, in the marketplace for 25 years, with no negative effects. EPA should expedite a 211(f) substantially similar ruling on E15, which would expand the market of domestically produced biofuels immediately.

- **Create new policy options that continue to increase the sustainability of biofuels feedstock production.** Task USDA with leading an effort among biofuels industry representatives; environmentalists; sportsmen; state agricultural, energy, and environmental experts; and others to explore new policy options to improve sustainability in water efficiency, reduced fertilizer use, better tilling practices, protection of water quality, and conservation of fish and wildlife habitat associated with the production of today's biofuels and tomorrow's advanced fuels.
- **Implement the nation's first comprehensive biofuel market development program.** We must remove E85 market barriers through policies that increase flexible fuel vehicle production and provide funding for meaningful retail marketing efforts. Last year, DOE dedicated only \$4 million to E85 efforts. We hope that this can be enhanced a great deal.

One thing is clear: time is short and the challenge is serious. When oil prices spike again, the actions we have proposed and take now will be invaluable. In 2005, the governors recommended and won, with the support of our partners, the nation's first Renewable Fuels Standard (RFS). Two years later, we worked with you, others in Congress, and the Administration to expand the RFS and accelerated advanced biofuels research. In the coming months, the support provided by your Administration and Congress for advanced biofuels — coupled with research, needed market development policies, and education — can boost our states' efforts to expand the green economy. The governors are committed to advancing biofuels, and we will work with you to inform Congress and our citizens about the need to act.

Sincerely,

John Hoeven, Chairman  
and Governor of North Dakota

Chet Culver, Vice Chairman  
and Governor of Iowa

- c. Honorable Tom Vilsack, Secretary of Agriculture  
Honorable Steven Chu, Secretary of Energy  
Honorable Carol Browner, Assistant to the President for Energy and Climate Change



## Background

- Last year, nation's farmers, engineers, and investors combined their talents to produce 600,000 barrels a day or about 9 billion gallons a year of home-grown biofuels, which saved motorists billions of dollars at a time when imported oil and gasoline costs were soaring.
- More than 150 biodiesel facilities created hundreds of thousands of new jobs, and generated hundreds of millions of dollars in new tax revenues for local, state, and federal governments.



## Background

- Producing clean renewable fuels locally instead of sending hard earned dollars overseas for oil is a powerful engine of economic growth, and advancing technologies will make that contribution even more valuable in the years to come.
- Advanced renewable transportation fuels will be one of the nation's most important industries of the 21st Century.
- The nation's biofuels industry is beginning the transition to utilizing a wide variety of non-grain feedstocks



## Challenges

- Addressing Misinformation Campaign
- Debate Over Lifecycle Greenhouse Gas Emissions
- Near Saturation of the 10 percent Ethanol Blend Market
- Infrastructure Development
- Sustainability



## Challenges and Answers

- *Addressing Misinformation campaign*

**Articulate a vision for the nation's biofuels future.**

Misinformation from entrenched interests has done a great disservice to America and has misled the American people about the economic and environmental benefits of biofuels. A continued, straight-forward message from to American people on the role of biofuels is necessary.



## Challenges and Answers

- Debate over lifecycle green house gas emissions

***Establish an interagency task force on lifecycle greenhouse gas emissions and transportation fuels.***

This high-level task force led by the U.S. Department of Agriculture (USDA), U.S. Environmental Protection Agency (EPA), and U.S. Department of Energy (DOE) would be charged with helping to resolve the debate over the lifecycle greenhouse gas emissions of biofuels.



## Challenges and Answers

- Debate over lifecycle green house gas emissions, con't.

***Establish an interagency task force on lifecycle greenhouse gas emissions and transportation fuels.***

This high level task force is charged with helping to ensure that the very best science is brought to bear in the debate over the lifecycle greenhouse gas emissions of biofuels. The goal will be to ensure a level playing field as we make the critically important decisions about the nation's best pathway to a sustainable energy future.



## Challenges and Answers

*Near saturation of the 10 percent ethanol blend market*

***Initiate an immediate substantially similar ruling from the EPA on E13.***

There has been a three percent ethanol-gasoline blend variance, by volume, in the marketplace for 25 years, with no negative effects. This action, if approved, will expand the market for first-generation ethanol and ensure that a strong market is available for the next generation of advanced biofuels.



## Challenges and Answers

### Infrastructure Development

***Implement the nation's first comprehensive biofuel market development program.***

We must remove E85 market barriers through policies that increase flexible fuel vehicle production and provide funding for meaningful retail marketing efforts. Last year, DOE dedicated only \$4 million to E85 efforts.



## Challenges and Answers

### Infrastructure Development, con't.

***Implement the nation's first comprehensive biofuel market development program.***

We must ensure that the ever-increasing volumes of domestically-produced biofuels can be efficiently distributed and used by increasing flexible fuel vehicle production, encouraging the rollout of flex-fuel, plug-in hybrid vehicles in the future, and funding an aggressive blender pump distribution program nationwide.



## Challenges and Answers

- Sustainability

***Create new policy options that continue to increase the sustainability of biofuels feedstock production.***

Task USDA with leading an effort to explore new policy options to improve sustainability in water efficiency, reduced fertilizer use, better tilling practices, protection of water quality, and conservation of fish and wildlife habitat associated with the production of today's biofuels and tomorrow's advanced fuels.



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