

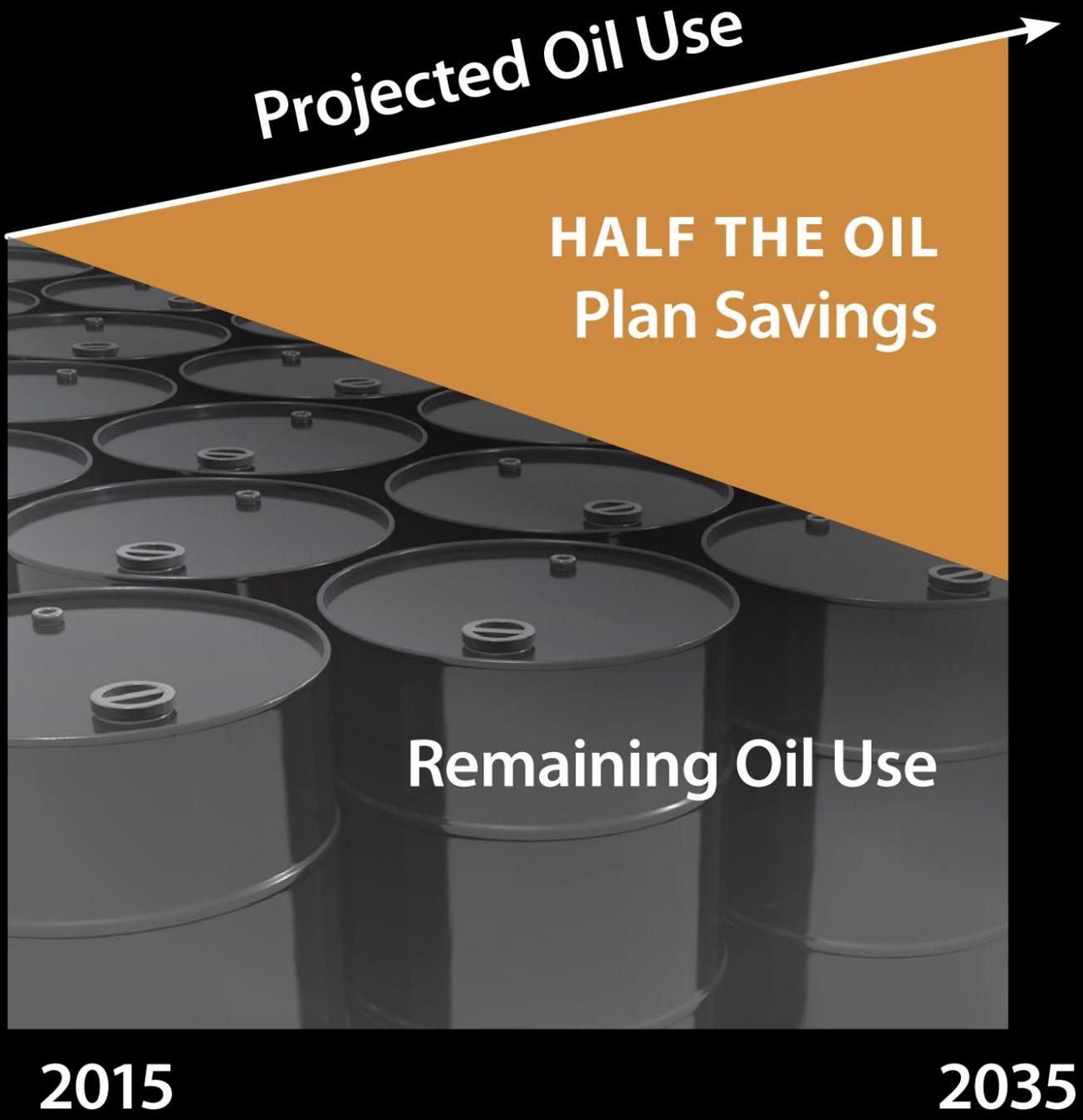


Union of Concerned Scientists

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The Future of the Renewable Fuel Standard and Bioenergy Tax Policy





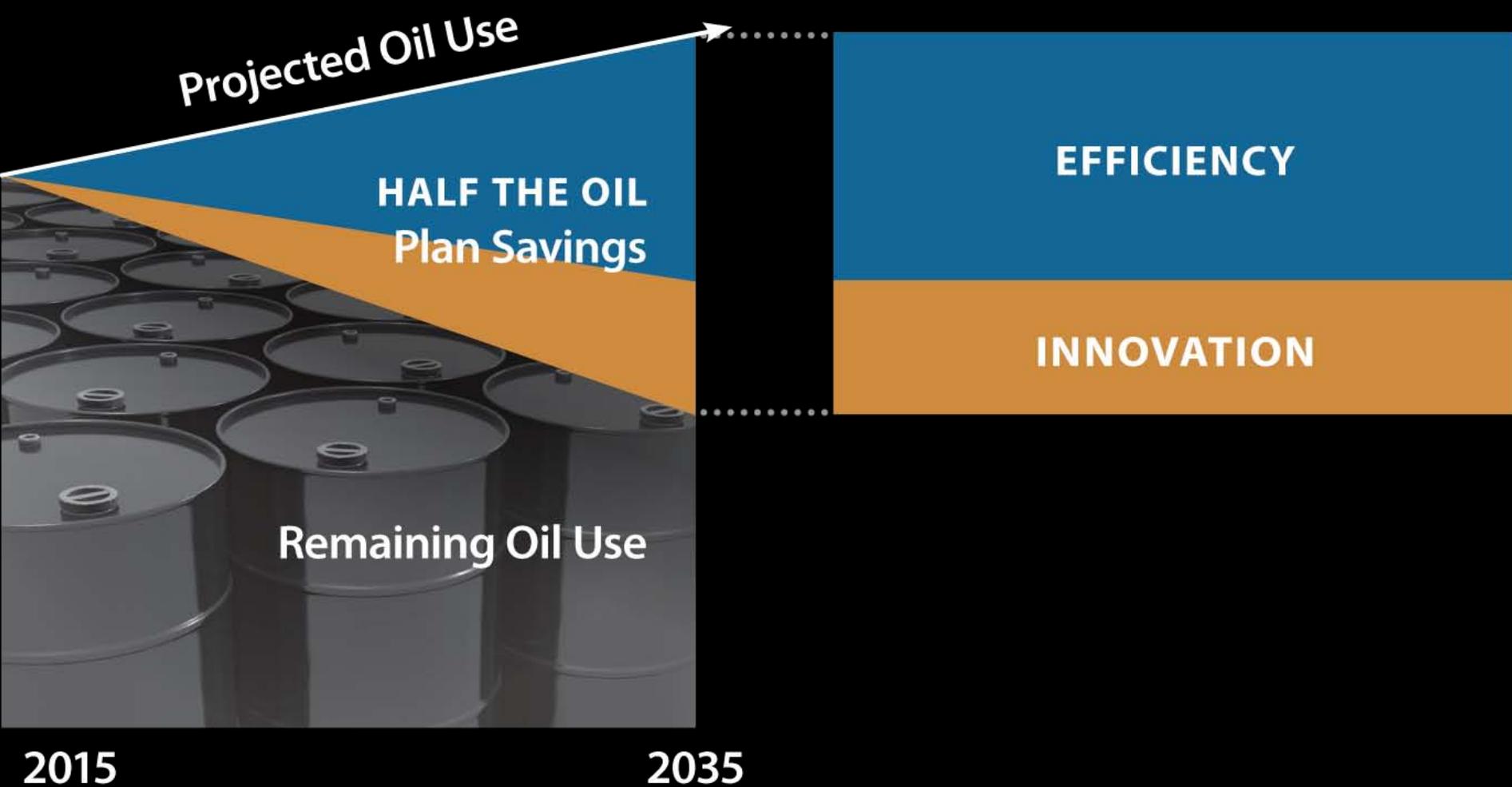
Projected Oil Use

**HALF THE OIL
Plan Savings**

Remaining Oil Use

2015

2035



2015

2035

Projected Oil Use

HALF THE OIL
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Remaining Oil Use

EFFICIENCY

INNOVATION

EFFICIENCY

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EFFICIENCY

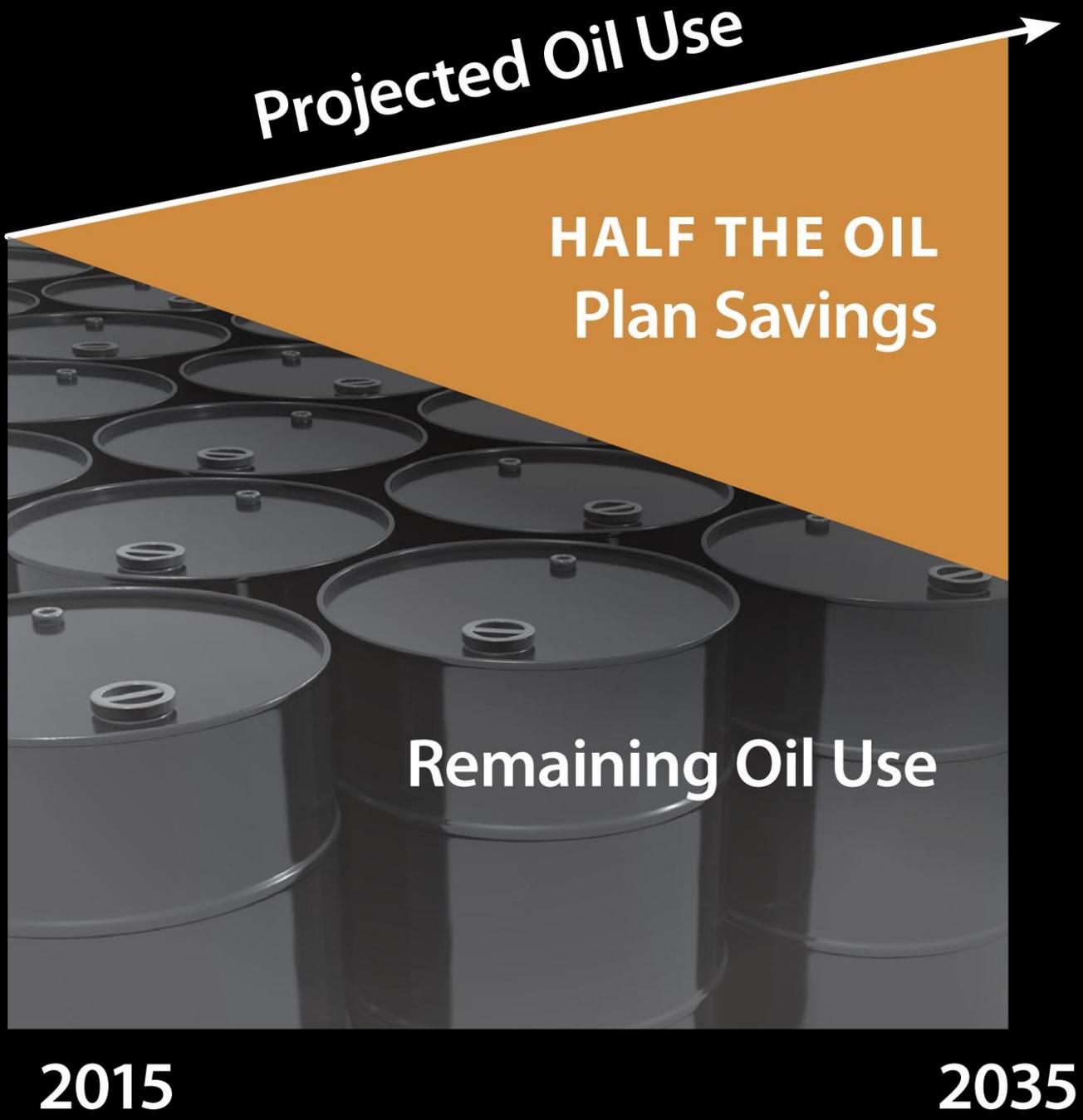
INNOVATION

EFFICIENCY

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Projected Oil Use

**HALF THE OIL
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Remaining Oil Use

2015

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more biofuels

40 billion additional gallons of biofuel

better biofuels

reduced impact on climate & environment

beyond food







more biofuels

better biofuels

beyond food

A group of men in suits and one woman in a red dress are gathered around a wooden desk. President George W. Bush is seated at the desk, signing a document. A large sign on the desk reads "IMPROVING FUEL ECONOMY" and "REDUCING OIL DEPENDENCE". The background features several American flags and a blue curtain.

IMPROVING FUEL ECONOMY
REDUCING OIL DEPENDENCE

Renewable Fuel Standard

The Right Goals

more biofuels

better biofuels

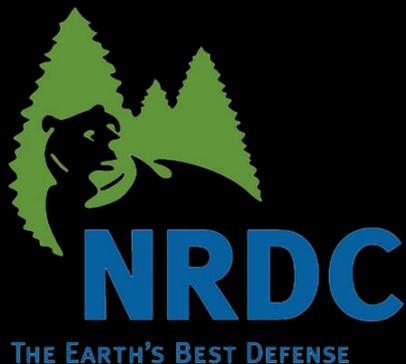
beyond food

The Right Metric

Science based lifecycle GHG accounting

The Right Framework

Obligates fuel providers to clean up their fuels



The RFS is the cornerstone for building an advanced biofuels industry in the United States.

Congress should extend existing tax incentives for cellulosic biofuels

Comprehensively reform energy tax policy to level the playing field between incumbent industries and cleaner alternatives....

A reformed tax policy should complement the RFS, reward environmental performance and drive innovation.

Biofuels Performance Tax Credit

Complement, not duplicate the RFS



Pay only for emissions reductions that go beyond the RFS baseline

✓ Typical (NG Dry DGS) Corn Ethanol

A unified tax policy for all biofuels

✓ Pay on Btu basis

An incentive to reduce emissions

✓ Higher payments for documented emissions reductions

Biofuels Performance Tax Credit

\$10 per Million Btu for a Zero Carbon Biofuel

Up to \$0.76 per gallon ethanol

Biofuels Performance Tax Credit

Higher Payments for higher energy density

Biofuels Performance Tax Credit



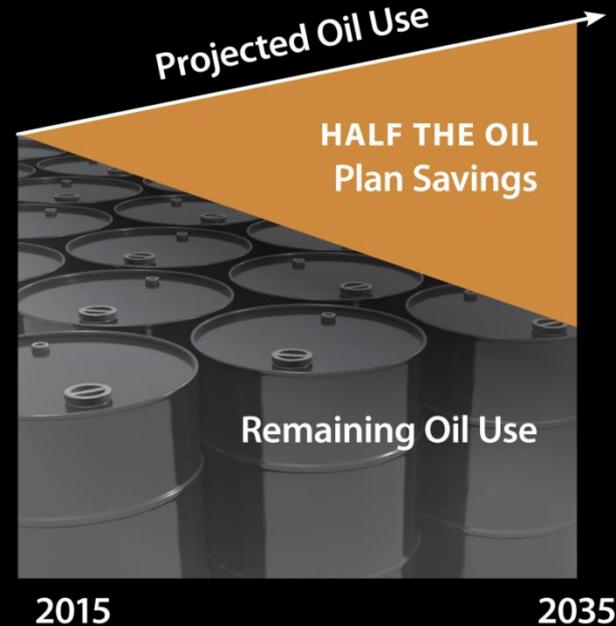
- ✓ Built on RFS Infrastructure
 - RINs are the basis of tracking
 - Lifecycle analysis for all fuel pathways
 - Account for energy content
 - Each gallon of fuel has a facility ID

- ✓ Costs are constrained
 - Does not pay for RFS compliance
 - Periodically adjust the baseline to control costs while maintaining incentive for innovation

Recap

Cut Projected Oil Use in Half

- Efficiency
- Innovation



Commercialize Cellulosic Biofuels

- Deliver on the RFS
- Maintain support for first commercial facilities

Biofuels Performance Tax Credit

- Performance Based
- Support innovation

Realizing the Promise of **CLEAN BIOFUELS**

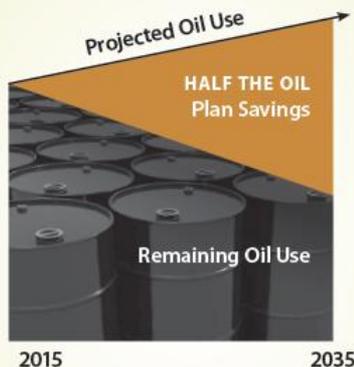
Biofuels tax policies must be reformed to cut pollution and save oil

Today's biofuels tax credits are expensive and ineffective. Sending billions of dollars in tax subsidies to oil companies merely to comply with existing law, these tax credits deliver few if any benefits to farmers, biofuels producers, or the environment. They should be eliminated, and new policies—which reward the biofuels industry based on its performance in replacing oil and reducing global warming emissions—should be established. In particular, a Biofuels Performance Tax Credit would clean up all types of biofuels, save billions of taxpayer dollars, and spur investments that upgrade existing



HALF THE OIL

A realistic plan to cut the United States' projected oil use in half over 20 years



Countries around the world and industries here at home are moving ahead with innovative technologies that make cars and trucks more efficient, hybrid and electric vehicles more practical, and vehicle fuels less polluting. With these and other solutions at our fingertips, we can dramatically reduce oil consumption and position the United States as a global leader in transportation technology.

VEETC does not stimulate the use of additional ethanol

U.S. Government Accountability Office, August 2009



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documents available at:

ucsusa.org/halftheoil

ucsusa.org/smartbioenergy