

**ASERTTI**

Association of State Energy Research &  
Technology Transfer Institutions

**NASEO** National  
Association

of State Energy Officials



## Overview of State Biofuel Policies, Incentives, and Opportunities



# About ASERTTI and NASEO:



## ■ ***National Association of State Energy Officials (NASEO)***

- Represents the 56 governor-designated energy officials from every state and territory. Supports states' energy policy development and technology deployment across all energy sectors.
- **NASEO Fall Meeting – September 9-12 in Minneapolis, MN**

## ■ ***Association of State Energy Research and Technology Transfer Institutions (ASERTTI)***

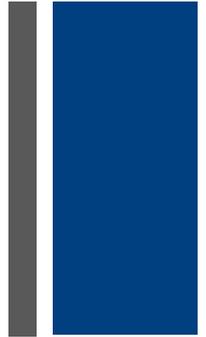
- Represents state and other public interest energy technology research and market transformation organizations. Supports state and public research institution R&D and technology commercialization priorities through state, federal, and private collaboration.
- **ASERTTI Fall Meeting – October 10-12 in Seattle, WA**





# State Trends:

## Policy and Funding



- Economic development through energy-related investments
- Major ethanol producing states (e.g., MN, IA, and IL) continue to support ethanol policy environments, even as they provide new support for advanced biofuels R&D, demonstration, and investment
- Trend toward diversifying state policy and financial support toward high-value products, such as biochemicals (e.g., MA Executive Order on purchasing) and drop-in fuels
- U.S. Military planned purchases include state engagement to leverage efforts and build broader support (e.g., HI, WA)
- Ongoing sustainability perceptions surround *all* biofuels production and use
- Natural gas alternative transportation policies are a relatively higher priority for producing states and visibility of OEM electric vehicles have gained governor and legislator attention
- State clean energy technology investment remains relatively strong in most areas, including advanced biofuels





## Northeast and Central Examples:

- **New York State Renewable Fuel Roadmap – 2010:**
  - By 2030, New York State will have a world-class biofuels industry that uses highly diverse state and regional biomass feedstocks in the most sustainable manner possible.
  - Establishes New York State as the leader in education and technology research, development, and deployment, making ongoing contributions to enhanced sustainability and the development of fuels that are almost chemically identical to conventional fuels but are significantly cleaner to use and that release minimal CO<sub>2</sub>.
  - NYSERDA was an early supporter of cellulosic ethanol RD&D – More than \$30 million in 2005; Focus on bioproducts applied R&D and innovation in 2011.
  
- **North Dakota Advanced Biofuel Matching Grants**
  - North Dakota's Renewable Energy Program Provides matching grants and other forms of assistance to support research and development projects involving advanced biofuels.





## Southeast

### Example:

#### Mississippi Biofuels and Co-Products

Mississippi provides incentive payments to qualified ethanol and biodiesel producers of \$0.20 per gallon for up to 30 million gallons per year, per producer for a period of up to 10 years following the start date of production.

- MS invested nearly over \$100 million in state funds over several years for biofuels and biochemical projects, including:
  - Biocrude from agricultural wastes (Port of Columbus, MS)
  - Ethanol and other biofuels from MSW and agricultural waste (Pontotoc, MS)
  - Ethanol from cellulosic (Fulton, MS)
  - Biochemicals from bio-oils (Natchez, MS)
  - Ethanol and biochemicals from cellulosic (Olive Branch, MS)



## West Example:

### Hawaii Ethanol Production and Incentive

An tax credit for qualifying ethanol production facilities equal to 30% of nameplate capacity between 500,000 and 15 million gallons per year. Qualifying ethanol production facilities must be in operation before January 1, 2017.

- Major HI Clean Energy Initiative to achieve a 70% clean energy goal by 2030.
- HI Clean Energy Investment Fund supported by “barrel tax” – \$5.6M annually.
- Recent public-private projects include:
  - Pacific Biodiesel will supply 250,000 gallons of locally produced biodiesel for an Emergency Power Facility.
  - Hawaii BioEnergy LLC will supply 10 million gallons of processed biofuel.
  - Honeywell biofuels demonstration for renewable petrol, diesel and jet fuel.
  - Construction of a \$350 million biodiesel plant on with an off-take agreement from the Hawaiian Electric Co.
- Hawaiian Electric (HECO) issued a request for proposals (RFP) to supply up to 200 million gallons of sustainably produced, renewable biofuels per year to fuel power generation stations starting as early as July 2014



# Sample State Legislative Actions 2010:



## **Tax Exemption Bills**

- California, Montana and New York proposed legislation exempting certain biofuels from some types of taxes.
- Arkansas, Hawaii, Maine, Michigan, Mississippi and Montana introduced bills that considered exempting the producers, distributors and operators of biomass or biofuel facilities from taxes.

## **Tax Credit Bills**

- Iowa, Maine, Massachusetts, New York, Pennsylvania and South Carolina's introduced bills would have given tax credits to producers, distributors and owners of land involved with biodiesel production. New York considered a tax credit for the production of cellulosic ethanol.
  - South Carolina and Virginia each enacted bills which will give tax credits to biofuel research and job creation. South Carolina's bill would have allowed an income tax credit for research and development of feedstock.
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# Opportunities to Elevate State-Based Advanced Biofuel Policies and Investments

- Engage in the Statewide Policy / Comprehensive Energy Planning Process
- Step-up State Biofuel Education (energy, sustainability, and the economy) efforts
- Provide analytical evidence of biofuels as a fuel portfolio resiliency – economic and energy assurance – tool
- Partner with states in advancing broader energy efforts (e.g., SEP) while seeking advanced biofuels support
- Participate in the NASEO/ASERTTI Energy Policy and Technology Outlook Conference





Thank you!

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ASERTTI and NASEO

