

State Policies to Support Biomass Development

NGA Center for Best Practices

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US Department of Energy's Biomass 2011
Conference

The National Governors Association

Providing Governors Ideas that Work

Center for Best Practices

- Comparative policy shop
- Provides governors and staff timely technical assistance

NGA's Federal Lobbying Shop

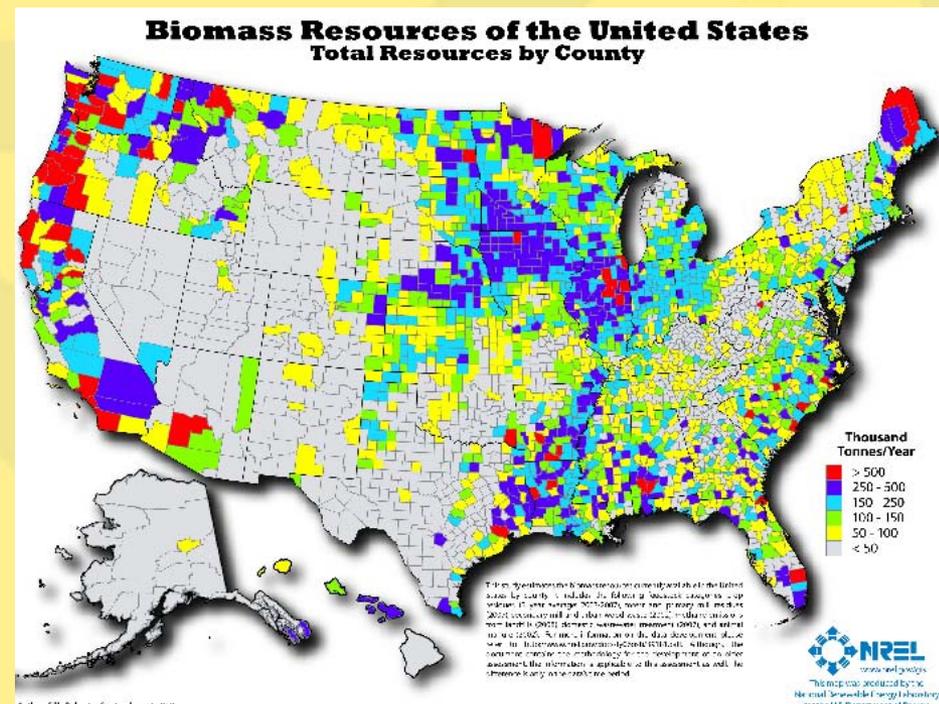
- Builds consensus on federal issues
- Committee structure
- Gives governors a collective voice on Capitol Hill

What Biomass/Biofuels Mean for States

- Economic Development and Job Creation:
 - 150,000 potential jobs in manufacturing, construction, operation and maintenance, etc.
 - Rural Development
- Energy security
- Meeting RPS/RFS Goals and Requirements
 - Thirty-three states have RPS requirements
 - All states with RPS requirements/goals permit power generated by biomass to count towards RPS requirements
 - Nine states have renewable fuel standards

State Policies Advancing Biomass Development, Adoption

- RPS and RFS mandates/goals
- Tax Credits, exemptions, and rebates
 - Production Incentives
 - Manufacturing Development Incentives
 - Sales Tax Incentives
- State fleets



Source: NREL

State Profiles: Michigan

- Established Renewable Energy Renaissance Zones
- Created the Michigan Biomass Energy Program
 - provides grants and funding for R&D of anaerobic digestion, energy crops, ethanol, and biodiesel
- Offers tax and other incentives for renewable energy generation, use, and component manufacturing
 - 100% property tax exemption for biomass gasification and methane digesters

State Profiles: New Mexico

- State has a biomass carve out in its RPS
 - 2% of sales combined with geothermal and other renewables
- Statewide plan: *New Mexico State Plan for Biofuels Leadership*
- Tax credits and deductions
 - Established a corporate tax credit equal to \$5 per wet ton of agricultural biomass used to generate electricity or make biofuel
 - Offered tax deductions for biomass equipment and materials used for the processing of biopower, biofuels, or biobased systems
- Encouraged the advancement of a RD&D center for the commercialization of algae technology

State Profiles: Tennessee

- Established the Tennessee Biofuels Initiative
 - \$70.5 million in state funding for the development of cellulosic ethanol industry
- Reduced sales and use taxes to 0.5% for clean energy technology manufacturers
 - Qualifying manufacturers must make \$100 million investment, and support 50 full-time jobs for ten years, which pay 150% of the average occupational wage
- Exempts purchases of machinery and equipment used to produce electricity from a green energy production facility, including biomass

Opportunities and Challenges

- States and governors are supporting biomass initiatives
 - Policies, incentives and RD&D
- Alignment of energy and economic development
 - Governors can break state ‘silos’ to streamline biomass and biofuel production and manufacturing
- Need and priorities
 - With limited resources, how should states prioritize their funding, policies and incentives (cellulosic biofuels are 5-years away)
 - Some concerns about environmental impacts
 - Market and jobs data helpful