



Moving Towards a Bio-Based Economy in the United States

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Jim Presswood

Natural Resources Defense Council

Washington, D.C.

NRDC

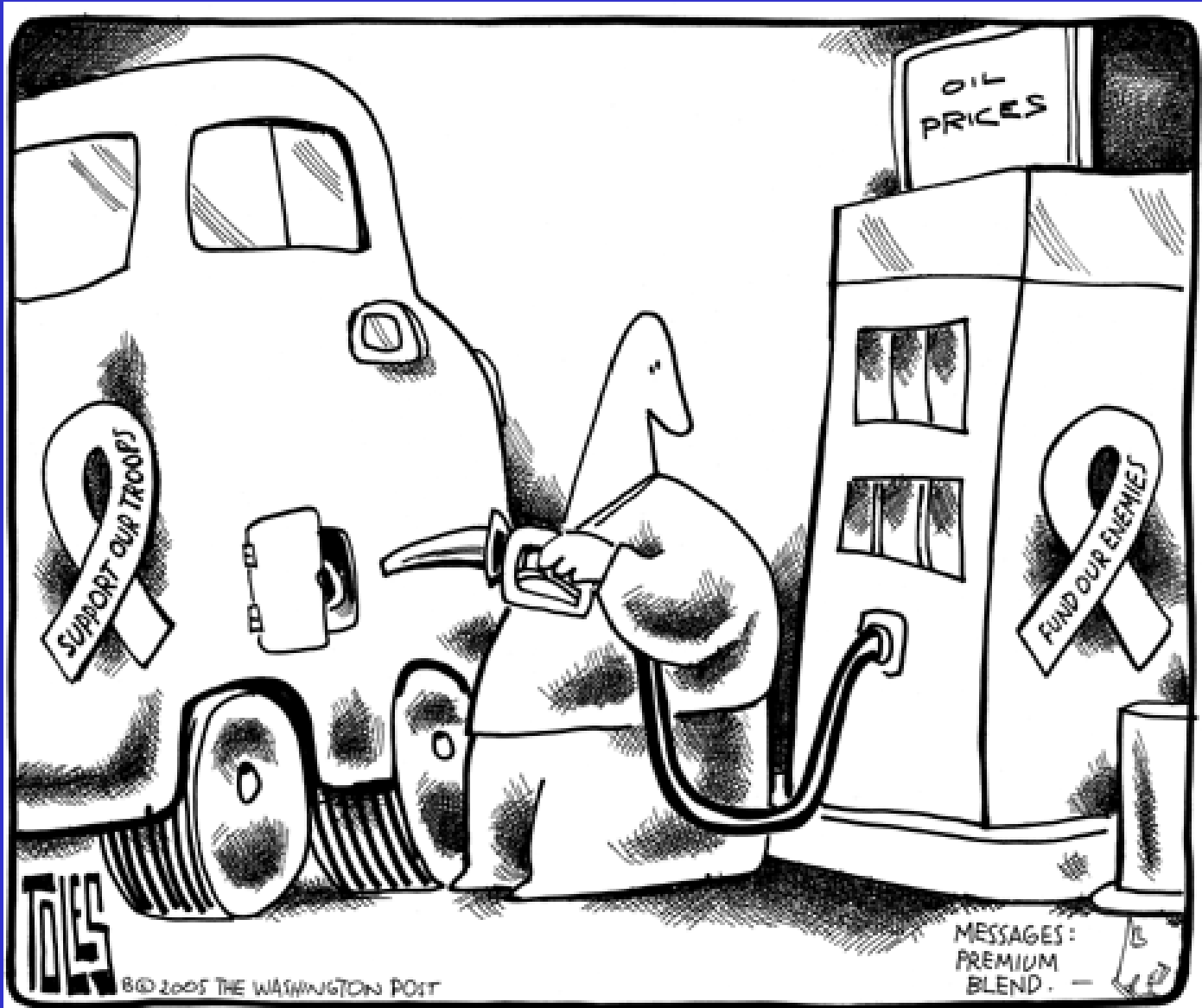
- Founded in 1970
- Protects the environment and human health through advocacy, litigation, scientific research and education
- Over 1 million members and activists
- Offices in Washington, New York, San Francisco and Los Angeles
- www.nrdc.org

Why Bio-Based Economy?

- Less pollution
 - Air pollution from cars & trucks
 - Global warming
 - Solid waste
- More sustainable use of natural resources
- National security concerns
- Economic opportunities

Global Warming – It's Already Here





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Left/Right National Security Coalition



www.setamericafree.org

Members Include:

Gal Luft, Institute for Analysis of
Global Security

Deron Lovaas, Natural Resources
Defense Council

Gary Bauer, President, American
Values

Frank Gaffney, Center for Security
Policy

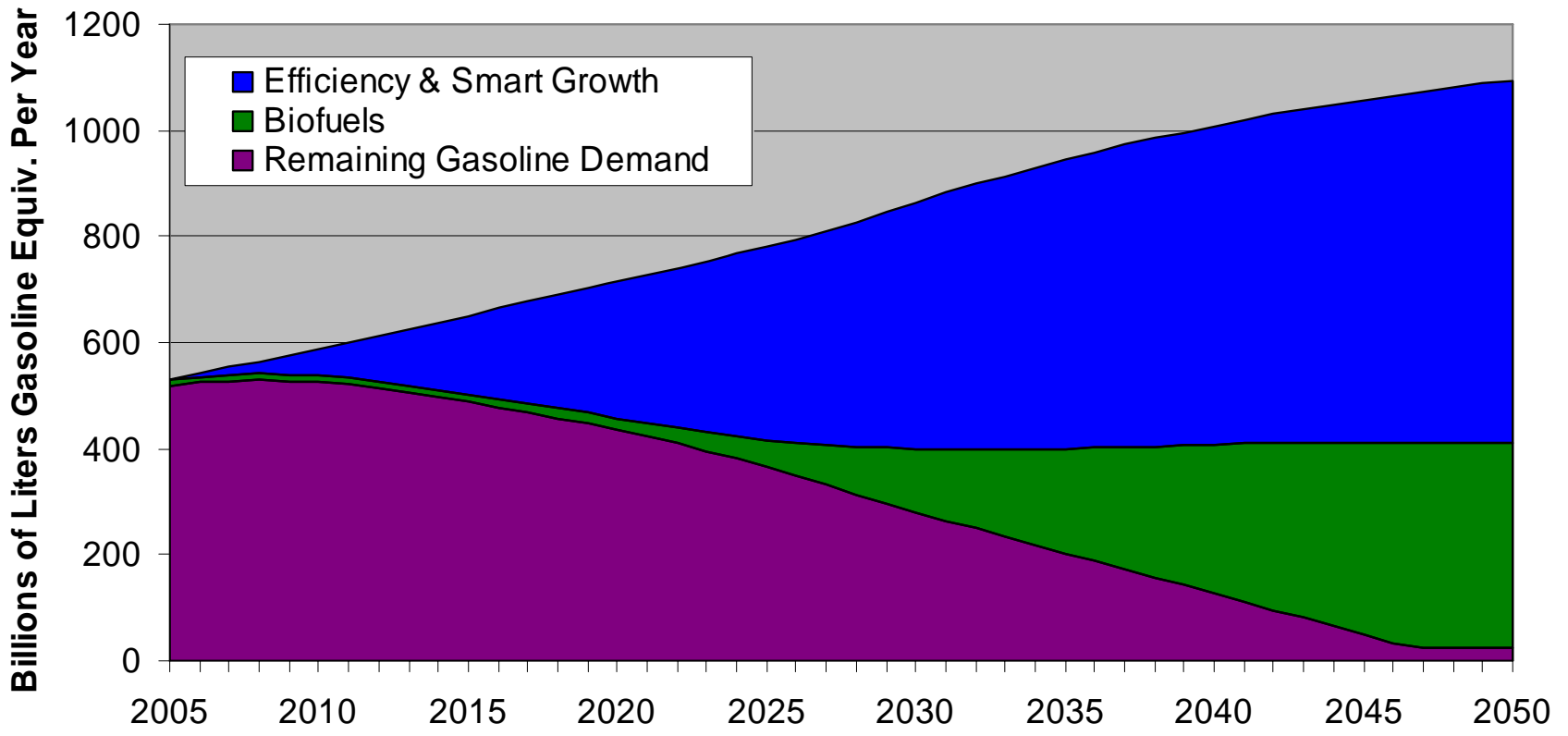
Hon. Robert C. McFarlane, Former
National Security Advisor

Hon. R. James Woolsey, Former
Director of CIA

Cellulosic Ethanol Has A Promising Future

- Land is not a constraint in U.S.
- Economics are promising
- Environmental benefits
 - Caveat: air quality concerns
- Energy/oil security benefits
- Major new crop for farmers

Reduced Gasoline Demand through Biofuels, Efficiency, and Smart Growth



Energy Policy Act of 2005

- Became law in August 2005
- Sought by President Bush since entering office in 2001
- Special interests pushed the bill
- Not a comprehensive energy policy
- No significant objectives for either corn ethanol (first generation biofuel) or cellulosic ethanol (second generation biofuel)

What's in the Energy Policy Act of 2005 (the Energy Bill)?

- Renewable Fuel Standard
- Research & Development
- Grants
- Loan Guarantees
- Production Incentives

Shortcomings of Energy Bill

- Authorizations are not appropriations
- Very little coordination or targeting of bioethanol RD&D funds
- Over-reliance on grants and underutilization of performance incentives
- All of this creates a serious risk of waste and failing to advance the industry

Oil Savings Bills

- Senate Bill (S. 2025) – Sens. Brownback & Bayh
- House Bill (H.R. 4409) – Reps. Kingston & Engel
- Introduced in Nov. 2005

Biofuels Provisions of Oil Savings Bills

- Flexible Fuel Mandates:
 - Senate – 10% (2012) to 50% (2016)
 - House – 90 % (2012)
- Fuel Infrastructure - grants for pumps in both House & Senate bills

Biofuels Provisions of Oil Savings Bills (Continued)

- Renewable Fuel Standard
 - Senate
 - 75 million gallons (284 liters) by 2010
 - House
 - Ground transportation 10% ethanol by 2015
 - 75 million gallons (284 liters) cellulosic ethanol by 2010
 - 1 billion gallons cellulosic ethanol by 2015

Next Steps

- Fight for appropriations
- Enact bills that support biofuels (i.e. oil savings bills)
- Impose coordination and targeting of cellulosic funds
- Enable self-sufficient industry
- Address other market issues such as high-blend use in flexible fuel vehicles
- International cooperation – NRDC looking for ideas

Parting Thoughts

- Tremendous potential for bio-based economy
- Opportunity for diverse interests to work together
- Now is the time to begin!

We Have a Choice!

