

February 14, 2012

The Honorable Debbie Stabenow
Chair, Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

The Honorable Pat Roberts
Ranking Member, Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

Dear Chair Stabenow and Ranking Member Roberts,

As you begin discussions this year on the upcoming Farm Bill with tomorrow's hearing on energy and economic growth for rural America, the Advanced Ethanol Council (AEC) is writing to encourage you to include in the next Farm Bill the extension of two critical tax incentives. The Cellulosic Biofuels Producer Tax Credit (PTC) -- created in the 2008 Farm Bill -- and the Special Depreciation Allowance for Cellulosic Biofuel Plant Property are vital to the ongoing development of the domestic advanced ethanol industry.

The U.S. renewable fuels industry is already an American success story. The advanced and cellulosic biofuels industry is now in the process of building new plants, innovating existing production facilities with emerging technologies, and introducing new product streams that will allow the renewable fuels sector to become more profitable, diversified and efficient. As you know, AEC companies are developing technologies that will enable the production of ethanol from a wider variety of biomass resources, help existing biorefineries diversify feedstock and improve efficiency, and provide new economic growth opportunities for rural America.

Several billion dollars have been invested in advanced biofuels development with the expectation that Congress will stay the course with regard to its commitment to the industry. A tax increase on advanced biofuels at this time would curtail investment and undercut an industry just starting to close deals and break ground on first commercial plants.

In addition to the extensions of the Cellulosic Biofuels PTC and the Special Depreciation Allowance, the AEC would like to offer the following recommendations on Farm Bill energy title programs going forward:

- Extend the U.S. Department of Agriculture (USDA) Loan Guarantee program for biorefinery projects, but improve critical provisions of the program to more effectively facilitate participation by lending institutions.
- Support USDA's efforts to build out ethanol refueling infrastructure via the Rural Energy for America Program to allow ethanol to compete in the market based on price. This will

facilitate market access that is critical to the ongoing development and deployment of advanced ethanol fuels.

- Reform the Biomass Crop Assistance Program to increase cost effectiveness and better encourage and reduce the risk of energy crop production for the advanced biofuel sector, including efforts to preserve the environmental benefits of land coming out of conservation programs by incenting sustainable energy crop production.

In addition, there may be other ways to modify the energy title programs to meet budgetary constraints while also providing real value to the industry. For example, we are interested in exploring with you ways to modify the Repowering Assistance program to help existing bio-refining operations deploy advanced ethanol technologies and feedstock utilization.

We are aware that the funding available for new Farm Bill will be reduced significantly. We look forward to thinking creatively with you about comprehensive solutions that reduce cost but continue to provide meaningful value to an emerging advanced ethanol industry. We appreciate your ongoing support for the advanced biofuels industry and look forward to further discussion of this important matter.

Sincerely,



R. Brooke Coleman
Executive Director
Advanced Ethanol Council (AEC)

*The executive members of the Advanced Ethanol Council (AEC) include:
Abengoa BioEnergy, Beta Renewables, BlueFire Renewables, Coskata, Enerkem, Fulcrum BioEnergy, Inbicon,
Iogen, Mascoma, Osage BioEnergy, Qteros and ZeaChem*