

October 27, 2011

The Honorable Debbie Stabenow
U.S. Senate
328A Russell Senate Office Building
Washington, DC 20510

The Honorable Frank Lucas
U.S. House of Representatives
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Pat Roberts
U.S. Senate
109 Hart Senate Office Building
Washington, DC 20510

The Honorable Collin C. Peterson
U.S. House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

Dear Senators Stabenow and Roberts and Representatives Lucas and Peterson,

As worldwide leaders in the effort to commercialize advanced ethanol, we are writing to offer our recommendations for both preserving and improving several 2008 Farm Bill Energy Title programs that are being reviewed as part of the process related to the Joint Select Committee on Deficit Reduction and remain critical to the ongoing development of our industry.

As you know, our companies are developing technologies that will bring ethanol from a wide variety of biomass resources to commercialization, help existing biorefineries diversify feedstock and improve efficiency, and provide new economic growth opportunities for rural America. The next generation of the U.S. ethanol industry is just beginning to break ground on first commercial projects across the country, and while the Energy Title currently accounts for less than 1 percent of total budgetary outlays for the 2008 Farm Bill, many of these programs will be critical to existing and future advanced ethanol development projects.

With the continued growth of the advanced ethanol industry and budget constraints in mind, we respectfully make the following recommendations:

- Extend the U.S. Department of Agriculture (USDA) Loan Guarantee program for bio-refinery 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 (REAP) 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 (BCAP) to increase cost effectiveness and better encourage and “de-risk” 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 program 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.

Again, we are aware that the funding available for new Farm Bill will be reduced significantly. That said, we look forward to thinking creatively with you about comprehensive solutions that cut 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)