

BIOENERGY/BIOPRODUCTS AMENDMENT TO H.R. 6
(S. AMDT. 919)
Section-by-Section Summary

To enhance the national security of the United States by providing for the research, development, demonstration, and market mechanisms for widespread deployment and commercialization of biobased fuels and biobased products, and for other purposes.

TARGETED BIOMASS RESEARCH AND DEVELOPMENT.

Updates the Biomass Research and Development Act of 2000 (as modified under section 9008 of the 2002 farm bill) to achieve the scientific breakthroughs required for expanded deployment of biobased fuels, products and power:

- Refines program objectives to provide greater focus on remaining technical barriers, with emphasis on overcoming the recalcitrance of cellulosic biomass;
- Increased emphasis on feedstock production and delivery, including technologies for harvest, handling and transport of crop residues;
- Research and demonstration of opportunities for synergy with existing biofuels production, such as use of dried distillers grains (DDGs) as a bridge feedstock;
- Support for development of new and innovative biobased products made from corn, soybeans, wheat, sunflower, and other raw agricultural commodities;
- Ensures a balanced and focused R&D approach by distributing funding by technical area (20% to feedstock production; 45% to overcoming biomass recalcitrance; 30% to product diversification; and 5% to strategic guidance), and within each technical area by value category (15% to applied fundamentals; 35% to innovation; and 50% to demonstration), as recommended by DoE-funded study on the Role of Biomass in America's Energy Future;
- Adds a small biomass-derived hydrogen research and demonstration program; and
- Increases program authorization from current \$54 million to \$200 million annually.

PRODUCTION INCENTIVES.

Directs the Secretary of Energy to establish a program of production incentives to deliver the first billion gallons of annual cellulosic biofuels production. Funds are allocated for proposed projects through set payments on a per gallon basis for the first 100 million gallons of annual production, followed by a reverse auction competitive solicitation process. Production incentives are awarded to the lowest bidders, with not more than 25 percent of the funds committed for each auction awarded to a single bid.

Reverse auctions have been used successfully by several states (including California, Maryland and New Jersey) and GSA to secure low-cost electricity supply contracts. This program uses the same strategy to secure low-cost cellulosic biofuels production contracts.

The first auction shall take place within 1 year of the first year of annual production of 100 million gallons of cellulosic biofuels, with subsequent auctions each year thereafter until annual

cellulosic biofuels production reaches 1 billion gallons. Authorizes \$250 million until expended, subject to appropriations.

PROCUREMENT OF BIOBASED PRODUCTS.

Makes a technical correction to the Biobased Procurement Program authorized under section 9002 of the 2002 farm bill by applying the provision to Federal government contractors. This is consistent with the recycled content procurement program on which it is modeled. The program currently requires Federal agencies to give preference to biobased products for procurements exceeding \$10,000 when suitable biobased products are available at reasonable cost. This provision would expand the requirement to Federal contractors.

Directs the Architect of the Capitol, the Sergeant at Arms of the Senate, and the Chief Administrative Officer of the House of Representatives to comply with the Biobased Procurement Program for procurements of the United States Capitol Complex.

Directs the Architect of the Capitol to establish within the Capitol Complex a program of public education regarding its use of biobased products.

BIOECONOMY GRANTS AND TAX INCENTIVES.

Establishes USDA grant programs--

(1) to assist small biobased businesses with marketing, certification and performance testing of biobased products. Authorizes \$1 million for 2006, and such sums as necessary thereafter;

(2) to assist regional bioeconomy development associations and Land Grant institutions in supporting and promoting the growth of regional bioeconomies. \$1 million for 2006, and such sums as necessary thereafter; and

(3) for demonstrations by farmer-owned enterprises of innovations in pre-processing of feedstocks and multiple crop harvesting techniques, such as one-pass harvesting, to add value and lower the investment cost of feedstock processing at the biorefinery. \$5 million for each of fiscal years 2006 through 2010.

OTHER PROVISIONS.

Education and Outreach.— Establishes a USDA program of education and outreach consisting of:

(1) training and technical assistance for feedstock producers to promote producer ownership and investment in processing facilities; and

(2) public education and outreach to familiarize consumers with biobased fuels and products. Authorizes \$1 million a year for 5 years.

Reports.—Requires a report on the economic potential of biobased products through the year 2025, and analysis of economic indicators of the biobased economy.