March 8, 2012

The Honorable Harry Reid  
Majority Leader  
U.S. Senate  
Washington, D.C.  20510

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
Washington, D.C.  20510

Dear Majority Leader Reid and Minority Leader McConnell:

On behalf of the advanced and cellulosic ethanol industry, the Advanced Ethanol Council (AEC) is writing to voice our support for the Stabenow amendment (#1812) to the pending transportation bill. The Stabenow amendment includes the extension of two critical tax incentives for the advanced and cellulosic ethanol industry -- the Cellulosic Biofuels Producer Tax Credit (PTC) and the Accelerated Depreciation Allowance for Cellulosic Biofuel Plant Property. Both are vital to the ongoing development of the domestic advanced and cellulosic 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, helping drive innovation at 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. Over the last several years, the advanced ethanol industry has vastly increased the efficiency and reduced the cost of producing ethanol from new sources of biomass – including but not limited to municipal solid waste, agricultural waste, energy crops and grasses, and sustainably harvested wood resources.

With gas prices soaring, it is increasingly important to diversify U.S. motor fuel markets with viable and competitive alternatives to gasoline, such as advanced ethanol, that will offer American consumers a choice at the gas pump.

Several billion dollars have been invested in the development of advanced biofuels with the expectation that Congress will stay the course with regard to its commitment to the industry. The PTC and accelerated depreciation allowance provide investment certainty in a high-risk marketplace largely supply- and price-controlled by OPEC. A tax increase on advanced biofuels at this time would curtail investment by creating uncertainty for the industry and undercut an industry just starting to close deals and break ground on its first commercial plants. Further, allowing the PTC and accelerated depreciation allowance to expire runs counter to the goals set forth by Congress to foster the development of advanced biofuels under the RFS.
To protect our nation’s energy interests, we ask that you support the Stabenow amendment (#1812) to extend the cellulosic PTC and the accelerated depreciation allowance.

Sincerely,

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

The executive members of the Advanced Ethanol Council (AEC) include: