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June 19, 2014

The Honorable Thomas Vilsack  
Secretary, U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington DC 20250

Dear Secretary Vilsack:

The undersigned organizations are signatories to the Bioenergy Memorandum of Understanding entered into with the U.S. Department of Agriculture (USDA) on September 11, 2013.

On behalf of our four organizations, we respectfully request that the USDA open a regulatory proceeding around the administration of the Bioenergy Program for Advanced Biofuels, Section 9005 of the 2014 Farm Bill (P.L. 113-79).

The Bioenergy Program for Advanced Biofuels has played a vital role in providing modest federal support for the manufacturing of advanced biofuels used in thermal applications. During the recession, these producer payments helped many small and struggling manufacturers to weather stagnant markets. Today, these payments enable manufacturers to keep costs in check and maintain competitive pricing for residential and commercial consumers – many of whom are switching from expensive and price-volatile heating oil and propane to renewable advanced biofuels.

Specifically, we request that USDA engage stakeholders in a discussion leading to a proposal to amend regulations implementing Section 9005 to address our belief that the current regulations unfairly and arbitrarily discriminate against advanced solid biofuels used in thermal applications.

Our organizations believe strongly that the Bioenergy Program for Advanced Biofuels should be implemented in a way that is fuel and technology neutral, without prejudice against any one energy pathway (i.e transportation, electric, and thermal applications). It is our strong belief that payments under Section 9005 – to the extent that funds are appropriated by Congress for the program – should be made on the basis of the inherent energy content of the qualified advanced biofuel produced, regardless of whether that fuel is used in a transportation, electric generation, or thermal technology. The current 85% discount applied to solid thermal fuels and overall 5% program-wide cap on solid thermal fuel payments are arbitrary and unjustifiable on any rational, defensible grounds.

Federal energy policy needs to move away from policies and programs that favor certain technologies or pathways “that pick winners and losers.” Where different biomass energy pathways may compete for common feedstocks, Section 9005’s current program rules strongly favor the liquid transportation fuel pathway, even though net public benefits derived from displacing fossil fuels may be equivalent or greater for a thermal, combined heat and power, or electric power pathway. The reauthorization of the 2014 Farm Bill and Section 9005 offers USDA a fresh opportunity to revisit the flawed assumptions that were the basis for implementing the current regulations.

We thank you for your consideration of this request, and look forward to engaging with all affected stakeholders and interested parties in such a regulatory proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Seymour".

Joseph Seymour  
Executive Director, Biomass Thermal Energy Council

A handwritten signature in blue ink, appearing to read "Jennifer Hedrick".

Jennifer Hedrick  
Executive Director, Pellet Fuels Institute

A handwritten signature in black ink, appearing to read "John Ackerly".

John Ackerly  
President, Alliance for Green Heat

A handwritten signature in blue ink, appearing to read "Robert Cleaves".

Robert Cleaves  
President, Biomass Power Association