Advanced Biofuels Association

Subcommittee on Energy and Power
Energy and Commerce Committee
U.S. House of Representatives

The American Energy Initiative: A Focus on Alternative Fuels and Vehicles, Both the Challenges and the Opportunities

Testimony
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July 10, 2012

Chairman Whitfield, Ranking Member Rush, Members of the Committee, I am delighted to be with you here today to discuss what is happening in the advanced biofuels industry.

As a leading voice for America's domestic biofuels industry, the Advanced Biofuels Association (ABFA) represents over 45 companies deploying advanced and renewable technologies that are helping to drive America's new economy by creating jobs and reducing our dependence on foreign oil by adding to our domestic fuels production capacity. These American made fuels are contributing to U.S. economic and energy security, and are posed to expand their role. The ABFA supports public policies that help contribute to a truly "all of the above" energy portfolio for the United States.

Unique to our Association is the fact that a significant number of our companies are making fuels referred to as "drop in," which do not require changes to existing infrastructure, as well as cellulosic fuels including ethanol. As this Committee considers the "Open Fuel" policy, we would urge you to be mindful and not pick a winner as you balance the competing strengths of the various technologies and molecules.

Today I want to leave you with two points. First, the Renewable Fuels Standard (RFS) is the bedrock of our nations' renewable transportation fuels policy and is directly responsible for the progress that has been made to date in the advanced biofuels sector. Second, as a result of this policy a number of companies have already made significant investments in R&D, pilot and demonstration phases as well as commercial deployment. A number of sophisticated manufacturing companies are poised to build the first generation of commercial scale advanced biofuels plants in the US, with over a billion dollars of private capital poised to enter the market. As you well know, uncertainty chills investment – and uncertainty about whether the Congress might change the rules at this critical time by changing the RFS would have serious negative implications for those who have already invested to build this industry.

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This past year has brought significant progress for the advanced biofuels industry. We have seen the top fighter planes in the Air Force, Navy and Marines fly using these "drop in" jet fuels produced from a wide range of feedstocks and technologies. We have seen major U.S. airlines complete commercial trans-continental flights, and last year alone Lufthansa operated more than 1,000 flights in Europe with 50/50 biofuel blends. In another major achievement just last week, the Air Force flew an A-10 on the first alcohol-to-jet fuel produced in the U.S. by Gevo, a Colorado company.

As I look down the list of those testifying today, I doubt a single witness would disagree that in order to secure America's energy and economic security, we need a wide portfolio approach to our nation's energy policy. Energy is not a partisan issue. It is an issue of economic and national security. It is the lifeblood of an active, vibrant economy that provides plentiful employment for its people and ultimately leads to a high gross national product and sustainable middle class. Energy policy is a key driver in the future prosperity of this nation, and I applaud the Chairman and the Committee members for holding this hearing today.

Biofuels, as you will hear from my colleague Mr. Dinneen, have already made a significant contribution to our nation's transportation fuel supply. We began our journey in renewable fuels policy with ethanol in 1978. It took twenty years to deliver the first 2 billion gallons of fuel. Since the adoption by this Committee of the Renewable Fuels Standard in The Energy Policy Act of 2005, we have seen an explosion of gallons in the U.S. renewable fuels pool. Today the ethanol industry produces over 14 billion gallons of fuel annually, and last year exported over a billion gallons, with over a half a billion gallons going to Brazil. As the BP Statistical Review of World Energy, 2012 reports, the United States now boasts 48 percent of the worlds' total renewable fuels production.[1] This represents 10 percent of our domestic gasoline consumption – a significant proportion. Combined with increased domestic oil production and decreasing U.S. fuel consumption, we are becoming steadily less reliant on imported oil – and with advanced biofuels about to reach scale this will only continue.

It was only five years ago that this Committee further extended the government's commitment to renewable transportation fuels by passing and sending the Energy Independence and Security Act of 2007 to President Bush for his signature. As you know, that legislation challenged the industry to produce 36 billion gallons of renewable fuels by 2022. In less than five years we already have new operating plants churning out hundreds of millions of gallons of advanced biofuels. If you consider that it generally requires at least eighteen months to two years to site, permit and build a plant--this is simply a remarkable achievement of innovation, development and investment to deliver these gallons so rapidly.

And many more are on the way. In speaking with many Members of Congress this year I have been asked where are the gallons? Is this another technology sector that is always five years away? The answer is no. We are putting steel in the ground and creating jobs for American all over this country today. So let me share with you examples of facilities that have been built and are currently operating today. It is also important to note that with the exception of the cellulosic production tax credit, which we would urge you extend, all the other biofuels-related tax provisions have now expired and we are not receiving a penny of subsidy.

[1] "Statistical Review of World Energy, 2012." Pg 39. June, 2012. http://goo.gl/1oiee

In your testimony I have included a picture of the new Dynamic Fuels facility located in Geismar, Louisiana that has a name plate capacity of 75 million gallons a year of renewable diesel. That is a fuel that has the quality and performance of diesel exactly as if it were made from a barrel of oil in a traditional refinery. Additionally, Neste Oil expects to deliver 30 million gallons of renewable diesel to the market this year. I have also included a family-owned facility in Indiana built by Triton Energy last year with a name plate capacity of 27 million gallons. Last year they produced over 11 million gallons and employed fifteen people utilizing corn oil from the ethanol industry.

And the list goes on, this year we will see Texas-based KiOR bring an 11 million gallon facility in Mississippi on line, and Gevo has begun production of butanol in their 22 million gallon Minnesota facility (see appendix of current facilities). Additionally, companies like BP and DuPont have demonstrated their technologies, purchased land and are deep into engineering design for their first cellulosic ethanol plants.

My message is simply that it has only been five years. The RFS is fundamentally working, and we are just getting started. Uncertainty in the RFS today would have a chilling effect on these investments.

Let me conclude by observing this new industry is helping to make America steadily more energy secure and keeping more of our energy spending here for American produced fuels. The industry is managing three principle risks: the scale up of technology, the volatility of commodities, and the certainty of regulatory policy. We all watched the price of oil spike earlier this year. But the policy governing that is in your hands. You have the ability to send a signal to the industry and the markets that you stand behind the RFS. You need to send that signal as it will continue to drive the progress which I have reported to you this morning. Thank you for the opportunity to testify before you this morning. I look forward to answering any questions you may have.

Appendix

Fig 1. Dynamic Fuels facility, Geismar, Louisiana

This plant, with a nameplate capacity of 75 million gallons of renewable diesel per year, will be the first North American plant to produce renewable diesel from animal byproducts such as beef tallow and pork and chicken fat.

Fig 2. Triton Energy facility, Waterloo, Indiana

This facility has a name plate capacity of 27 million gallons per year of renewable diesel produced from feedstocks such as soybean oil.

Fig 3. Gevo facility, Luverne, Minnesota

This plant, which has a capacity of 22 million gallons per year of ethanol and 18 million gallons per year of isobutanol, utilizes a traditional corn feedstock.

Fig 4. KiOR facility, Columbus, Mississippi

KiOR's facility will be on line by the end of the year with an estimated capacity of 11 milion gallons per year of gasoline, diesel, and fuel oil blendstocks. The facility uses local a locally available feedstock, Southern Yellow Pine woody biomass.