



**MISSISSIPPI STATE
UNIVERSITY**

Department of Agricultural Economics

A monthly briefing on changes in the bioenergy industry

Biofuels Policy Update

Volume 2, Issue 2, January 2011

Congress, President Restore Biofuel Tax Credits

On December 17, 2010, President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which includes provisions that extend the Volumetric Ethanol Excise Tax Credit (VEETC) until December 31, 2011. The tax credit is extended at its current level of \$0.45 per gallon, which is expected to cost the federal government approximately \$6 billion. The Act also extends the \$0.54 per gallon tariff on imported ethanol, primarily aimed at Brazil, for the same time period. Additionally, the bill retroactively extends the biodiesel tax credit of \$1.00 per gallon through 2011. This credit had expired on December 31, 2009. By providing a one-year extension, some analysts expect the so-called “lame-duck” Congress set the stage to include the credits as part of a larger debate on tax policy in 2011, as Republicans control the House of Representatives and increased their numbers in the Senate. For more information on the tax credits, visit <http://www.afdc.energy.gov/afdc/laws/laws/US/user/3264>.



The VEETC and other tax credits will last at least until the end of 2011.

EPA Adjusts 2011 RFS for Cellulosic Ethanol

On November 30, 2010, EPA revised the Renewable Fuel Standard by adjusting the cellulosic biofuel requirement for 2011 to 6.6 million gallons, down from the 250 million gallons specified by the Energy Independence and Security Act (EISA) of 2007. This action was similar to the reduction in the cellulosic biofuel requirement for 2010, when EPA dropped the level from the 100 million gallons specified by EISA to 6.5 million gallons. For 2011, however, the biomass-based diesel requirement remains unchanged. As in 2010, the total renewable fuel requirement for 2011 remains as listed in the EISA, which is 13.95 billion gallons. EPA is required to set the cellulosic biofuel standard each year based on its market analysis. The current Renewable Fuel Standard, known as RFS2, includes four separate biofuel standards: cellulosic biofuel, biomass-based diesel, advanced biofuel, and renewable biofuel. The percentage standard for 2011 for cellulosic biofuel, as a ratio of renewable fuel volume to gasoline and diesel fuel, is 0.003 percent. For more information, visit <http://www.epa.gov/otaq/fuels/renewablefuels/index.htm>.



As in 2010, the RFS for cellulosic ethanol will be greatly reduced in 2011.

DOE Announces Funding Opportunity for Biomass Conversion Processes

The Department of Energy announced it will provide \$30 million in awards during FYs 2011-14 for the “development, improvement and demonstration of integrated bench and/or engineering-scale process technology for the production of substitutes for petroleum-based feedstocks, products and fuels, which will improve the economics and efficiency of a biochemical or hybrid conversion process.” This funding opportunity focuses on agricultural residues, and specifically excludes pure sugar feeds and thermochemical processes. DOE expects to provide funds through grants and cooperative agreements, and awards will range from \$2 million to \$15 million, depending on topic area. Eligible applicants include all “domestic entities” except 501(c)(4) organizations. Letters of intent are requested—but not required—by January 17, 2011. The deadline for applications is February 7, 2011. For more information, visit <http://www.energy.gov/news/9884.htm>.



DOE will provide up to \$30 million for biomass conversion research through FY2014.

To remove your name from our mailing list, please [click here](#).

Questions or comments? E-mail Corey Miller at miller@agecon.msstate.edu or call 662-325-0848

Mississippi State University does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation or group affiliation, age, disability, or veteran status.