



Congress Examines Next-Generation Biofuels

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The U.S. House Committee on Agriculture, Subcommittee on Conservation, Credit, Energy and Research held a hearing on Thursday, Oct. 29, to examine the future of next-generation biofuels. Development of these technologies could provide additional fuel supplies as well as business opportunities for agricultural transporters hauling biomass feedstocks to production plants. USDA and private economists have both projected substantial increases in transportation demand for moving feedstocks to processing plants.

Witnesses described various technologies under development and the various feedstocks which would be used. The members of the subcommittee discussed the potential benefit for agricultural producers as well as ways to improve government programs targeted toward biofuel development and to better coordinate efforts by several government agencies involved.

Below are a few interesting excerpts from the testimony. The full statements of the witnesses can be found at: <http://agriculture.house.gov/hearings/statements.html>

The biofuel industry in late 2009 is best thought of as an industry *in transition*. The first generation of U.S.-manufactured biofuels that have been derived from corn, sugar cane, soybean oil, etc., have been defined both in terms of present and potential future impact. Further expansion of ethanol produced from corn or bio-diesel produced from soybeans is unlikely to be substantial, the limitations primarily stemming from the availability and cost of the actual feedstock materials. However, next-generation technologies are being developed and commercialized, using a much wider variety of input materials that will be available at a lower cost than materials grown primarily for food.

Advanced biofuels in general, and cellulosic biofuels specifically, do not have existing or well developed feedstock supply value-chains. Whether the feedstock is high yield energy grasses or various waste products from forestry or agriculture, these value chains need development. This market development will take time and will include participation from landowners, farmers, seed companies, agricultural and forestry equipment OEMs, agricultural banking sectors and insurers, and transportation companies. We need to continue to nurture and stimulate the development of this value chain.

Feedstock flexibility is a major component of why we believe the industry will not only be able to scale rapidly, but more importantly, will be sustainable over time. One major lesson we have learned from the corn ethanol and biodiesel businesses is that being dependent on only one feedstock can not only lead to a volatile price structure, but it also places geographic production restrictions that lessen the overall environmental profile of the fuel.

This is why it is essential for the biofuel industry to be early adopters of a feedstock flexible approach toward conversion technologies. Only by using a diverse array of feedstocks will the industry be able to convert the 1.3 billion tons of renewable biomass that is available each year and do so without significant land use changes. This approach affords two main benefits:

1. It helps reduce the exposure to commodity price volatility, which has recently been a major problem for grain-based fuel producers. This reduction in exposure is essential to keep prices steady and ensure long-term viability.
2. It allows for geographic flexibility and therefore a wider distribution of the economic benefits associated with its adoption. Companies with feedstock agnostic technologies can build facilities all over the country: the Southeast, where wood biomass is abundant; the Midwest, where they produce ample amounts of agricultural waste; or large urban areas, with high volumes of municipal solid waste. That way, when the advanced biofuels industry grows to the levels established in the Renewable Fuel Standard, the more than 800,000 new jobs that will be created can be spread from coast-to-coast in sectors of the economy that have experienced the highest rates of job losses over the past year, including agriculture and construction.