

**Western Governors' Association**  
**Biofuels/Biodiesel Break out Session**  
**October 11, 2007 / Warwick Hotel**  
**Denver, CO**

**Recommendation Additions:**

- Create a mechanism for long-term, large-scale funding for biofuels/biodiesel like a public benefits fund (as used for energy efficiency). Potential sources of a dedicated fund include a gas tax, a vehicle registration fee, and/or a driver's license fee. California and New York have good examples of this.
- Level the playing field for different types of energy technologies in terms of subsidies, credits, etc. Some technologies enjoy disproportionate benefits in the current system. Related to this is the need for uniform definitions of renewable biodiesel, biofuels, and other key terms.
- Encourage funding of the many relevant programs in EPACT 2005 that are authorized but do not yet have appropriations. The CDEAC process outlined many of these unfunded programs.
- Encourage full funding of the energy title in the current Farm Bill.
- Protect franchisees in canopy agreements from penalties for offering biofuels that are not provided by canopy company.

**Barriers and Challenges:**

- Impact of drought on water resources to maintain fuel base
- Need to grow more drought-tolerant feedstocks
- Infrastructure is not the only problem for E85—need more vehicle choices
- Support for demonstration projects is lacking
- Research and development in fuel collection is needed
  - Make small, regional units viable
- Need long-term, viable support (like funding for NASA)
- Co-product markets would be helpful
- Costs of transporting biomass to facilities
- Agencies lack staff for NEPA assessments, particularly with regard to projects in the wildland-urban interface (WUI)
- Federal and state funds should be leveraged; more communication across levels of government is important

**Synergies:**

- Competition—interest in CTL and biomass as feedstocks
  - Poly-generation (electricity and liquid fuels)

- LEED-like rating system for biomass (overall impacts or resource savings, as well as socioeconomic benefits); should be regionally specific; goal is to maximize positive externalities
- Biomass as feedstock for hydrogen
- Forest products industry as source of biomass, feedstock
  - Fuel reductions and climate change as drivers
- Integrated biorefinery (CHP, etc.)
- Biomass best as electricity fuel or liquid transportation fuel?
  - Study relative costs and benefits
- Acceleration of low-cost photovoltaic tank technology to provide for PHEV charging (note to electricity group)
- North-Central report (page 17, section 6.10) indicates support for land grant institutions—good idea to be borrowed and replicated
- Biofuels and American Lung Association as obvious partners in education campaign about the positive externalities of biofuels use
- Collaboration with other governors' associations to get a unified message to the federal government?
- Encourage/educate school districts about use of biodiesel in school busses (bearing in mind potential NOX impacts)
- VEETC reform for advanced biofuels (better promotion of cellulosic, algae, etc.)
- EPA is working on an expansion of RFS; this should be considered
- Rapid resolution of UL issue;

### **Milestones:**

- Penetration of E85 by some percent (enough penetration soon enough to support FFV-targeted production)
- Biofuels blended in some percent of all fuels by 2010
- Infrastructural growth proportional to FFV growth
- Full funding of the energy title in the Farm Bill
- Implementation of USDA energy science program
- Regional, second-generation, woody/cellulosic demonstration project
- Each state is involved in a demonstration project (see details in “demonstration projects” section below)
- Establish a crop guarantee as an early milestone and indication of momentum
- Develop two commercial biofuels production facilities by 2012
- Each state should have a plan for commercial production of biofuels.

### **Next Steps:**

- Each state needs professional staff to think about this problem every day. If that is not an option, governors should create a consortium of state departments of agriculture, land/resource management, and energy. The consortium should meet regularly to discuss alternative fuels in the state.
- Create highway markers for biofuels—indicating how far until the next biofuels fuel station.

- Governors should send staff to NREL's big meeting next month.
- Governors should meet with experts at universities, in industry, and in the venture capital sector to discuss potential demonstration projects. Additional issues to be addressed include a current research efforts and needs, with a particular focus on how to scale projects up for commercial deployment and how to transcend the "valley of death." Cost effectiveness should also be discussed.
  - This could be a workshop or a symposium.
  - One-on-one contact would be best.
  - This could include fuel providers and start-up efforts as well.
- Education of state procurement officers is important. States should examine their own internal procurement practices. Someone could do research to identify successful procurement models from different states and apply them to other states (model might include eliminating the requirement to award contracts to the lowest bidder).
- State governments can send signals to the investment community through legislations and/or through the provision of state funding for research and deployment.
- Certify methods for life-cycle analysis.
- Rapid resolution of UL issue; possible grandfathering in of existing pumps if they are the same
- WGA could prepare a letter advocating for full funding of the alternative energy provisions in the Farm Bill (as written in the House version).
- Governors should support near-term projects that produce transportation fuels with higher net energy gains.
- Governors should create a Biofuels Coalition similar to the one in Colorado.
- Governors should direct staff to identify relevant sustainable crops in their states.
- Governors should encourage stations to supply biofuels in renewable fuels corridors.

### **Demonstration Projects:**

- Regional demonstrations of feedstocks and of conversion, appropriately scaled
  - All western states should have a role in one or more demonstration projects
  - Land grant institutions, DOW, USDA could all help coordinate
  - State and federal money could be used
- Governors could issue an RFP for a biorefinery project with local feedstock and local buy-in.
- States with CRP lands, other state lands, or federal lands should explore bioharvesting projects as demonstration projects.