

STATE OF COLORADO

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Policy Recommendations Generated from the *Colorado Advanced Biofuels Workshop*

Background

On June 5th, 2009 the Governor's Energy Office (GEO) and the Western Governors' Association (WGA) hosted the *Advanced Biofuels Policy Workshop* with support provided by the U.S. Department of Energy and the Energy Foundation.

The impetus of the workshop was the release of the WGA *Transportation Fuels of the Future Report*, the accompanying *Western Strategic Bioenergy Assessment*, and the successful deployment of biofuels stations in Colorado by the Governor's Biofuels Coalition. The objective of the workshop was to utilize these reports and successes to further develop policy recommendations for the promotion and deployment of advanced biofuels production and infrastructure. A planning committee made up of representatives from WGA, GEO, the Colorado Renewable Energy Collaboratory, Colorado Department of Agriculture, Department of Public Health and Environment, and Climate Change Coordinator Alice Madden established the agenda and invited seventy guests from the biofuels industry, federal and state agencies, non-governmental organizations, academic institutions, and the Colorado General Assembly.

After receiving briefs from state and federal agencies involved in the regulatory, funding, or policy development for advanced biofuels, participants attended breakout sessions focusing on three core topic issues: developing biofuels infrastructure, sustainable feedstock opportunities, and creating opportunities for advanced biofuels in the state. The following recommendations represent the unedited suggestions that emerged from these conversations and are those that participants identified as central to developing advanced biofuels in Colorado, are actionable, and are of highest priority for Colorado.

While a range of opinions were expressed throughout the day on a variety of issues, it is important to note that workshop participants identified the need to further incentivize advanced biofuels through funding mechanisms like tax incentives, grants, and bonding/financing.

Recommendations to Governor Ritter and the Colorado General Assembly

1. Engage the Western Governors, the U.S. House of Representatives, and U.S. Senate to pass or modify legislation that provides some flexibility to use feedstock harvested from federal lands to meet the Renewable Fuel Standard (RFS). WGA has sent previous letters on this matter, but more specific guidance is needed. Actions by the WGA Governors, Governor Ritter, and Colorado Congressional delegates are urgently needed if Colorado wishes to intervene in the process.
2. Extend the current Alternative Fuel Tax Credit ([Colorado Revised Statutes](#) 39-22-516) currently in place in Colorado. This state tax credit is essential for private retail station owners to retrofit existing retail stations to include biofuels. The Alternative Fuel Tax Credit is set to expire in 2011, and the tax credit value was decreased to 20% from 35% in 2009.
3. Pass legislation to commission a *Biofuels and Biomass State Master Plan* that would incorporate water infrastructure, feedstock resources, economic indicators, and environmental constraints for advanced biofuels production in Colorado. Similar studies are being completed at the national and regional level by the National Renewable Energy Laboratory and WGA and provide an opportunity to leverage existing efforts. This development plan would be similar to SB-091, a commissioned study that developed priority areas for solar and wind production in Colorado.
4. Pass legislation to include a *Colorado Biofuels Development Authority* or a similar decision making entity in the CEDA framework. Currently, GEO and other state agencies are working through the necessary legislative requirements for the Colorado Energy Development Authority (CEDA) to develop bonding authority for the State of Colorado.
5. Develop stronger requirements for state agencies to utilize existing biofuels infrastructure and increase the purchase of biofuels throughout the State Fleet. As a result of the work completed by the Governor's Biofuels Coalition, many communities have biofuels supply and retail stations. According to *Greening State Government* Executive Orders, the Colorado State Fleet and its drivers are already required to decrease their petroleum usage, a goal that could be achieved by increasing their use of biofuels. Responsibility for the procurement of biofuels by state agencies should be the direct responsibility of state fleet management and the Executive Directors of state agencies.
6. Commission a study to assess the economic and social realities concerning the transition from traditional agricultural production to advanced biofuels crops and feedstock development. The study should consider the potential of existing conservation programs (e.g. CRP, EQIP) to facilitate the transition, water impacts, potential feedstock energy density, and economic feasibility of advanced biofuels production. Such a study would further establish advanced biofuels feedstock potential in the state and move production to areas of highest sustainability and lowest carbon and environmental impacts.

7. Increase promotion and funding for the Colorado Renewable Energy Collaboratory, research and development programs at additional universities, and private sector partners to support the transition of projects from research pilots to commercial production. In addition, adopt policies that would encourage the development of Front Range biofuels intellectual capacity and collaboration.

Next Steps

In sharing their suggestions and expert opinions, participants of the *Advanced Biofuels Workshop* are hopeful that the above recommendations will be appropriately turned into policy actions led by Governor Ritter's Policy Office, members of the Colorado General Assembly and the Colorado delegation to the US House of Representatives and Senate.

Participants of the workshop also believe that through Colorado leadership at the national level, and in cooperation with the Western Governors' Association, the above federal policy considerations can be presented to the necessary agencies, committees, and assembly members. Through this document, Colorado policy makers have been provided with seven strong recommendations that include input from leading experts representing multiple sectors to move forward in future legislative sessions.

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