



Biodiesel Industry and Policy Overview

Manning Feraci

Vice President of Federal Affairs

National Biodiesel Board

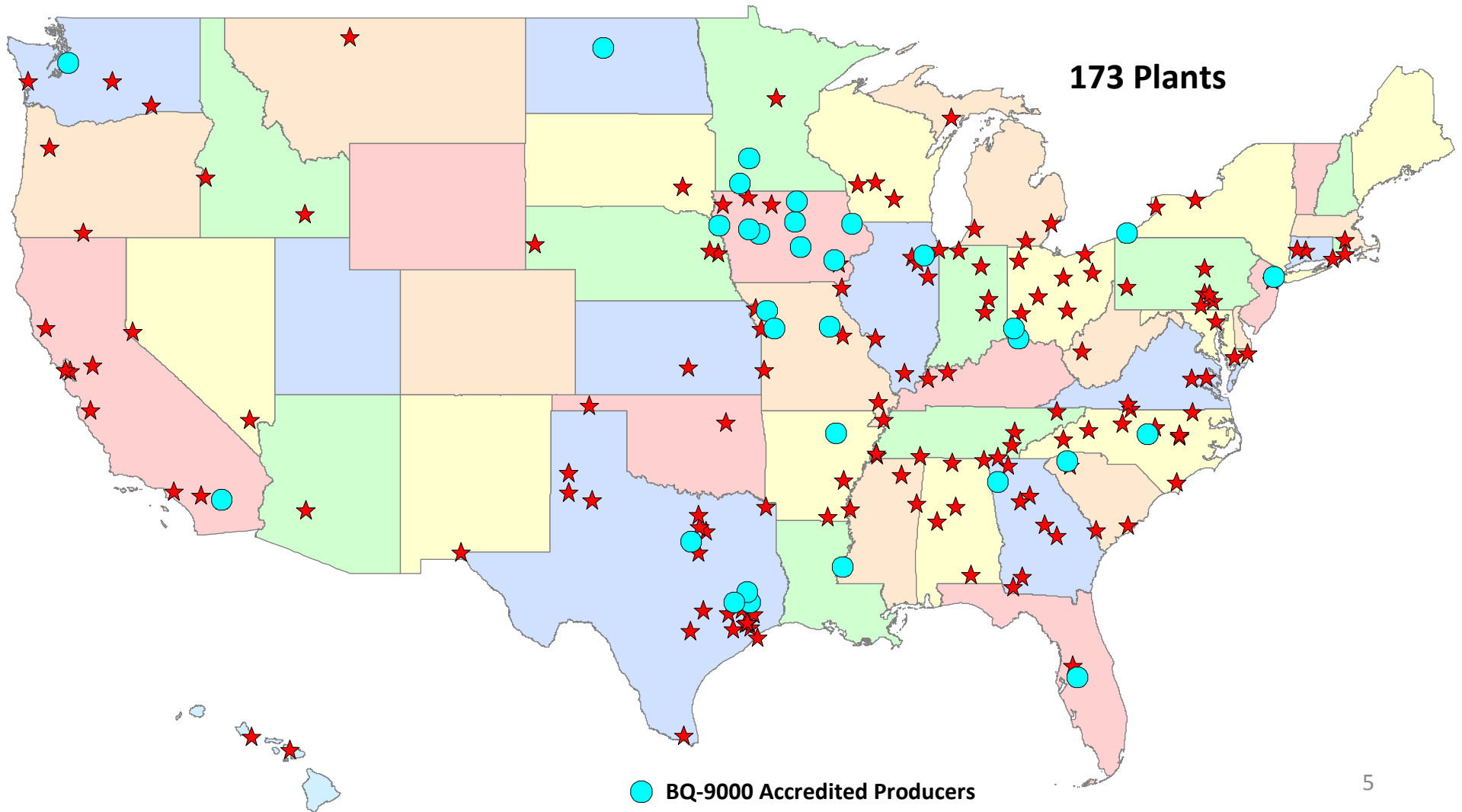
Phone: (202)737-8801

Email: mferaci@biodiesel.org



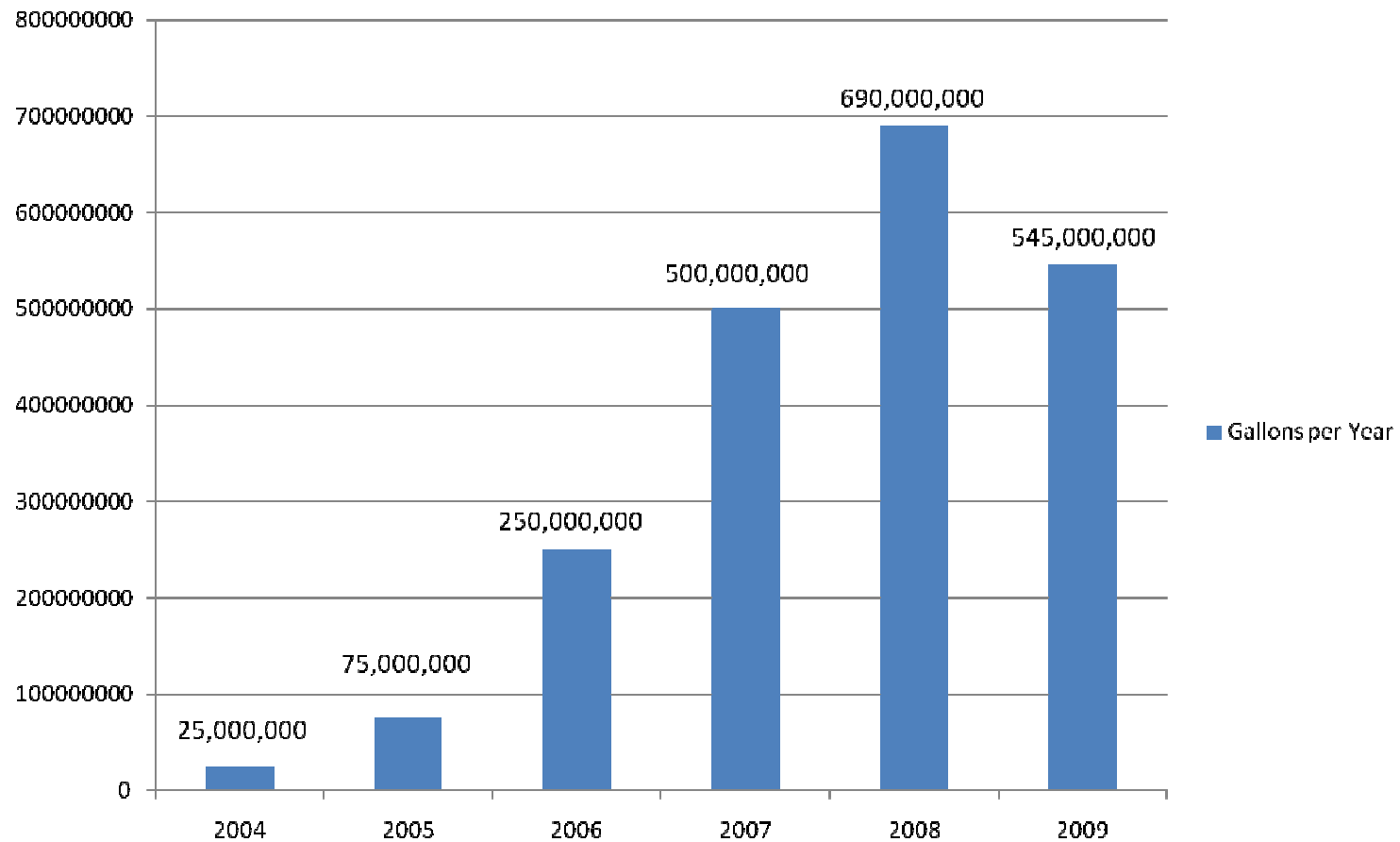
About Biodiesel

- Diesel replacement fuel made from oils, fats and waste greases.
- Meets ASTM D6751 commercial fuel specification.
 - Use in Existing Diesel Engines and Fuel Infrastructure.
- 4.56 to 1 Positive Energy Balance.
- Only Domestically Produced, Commercial Scale Advanced Biofuel.





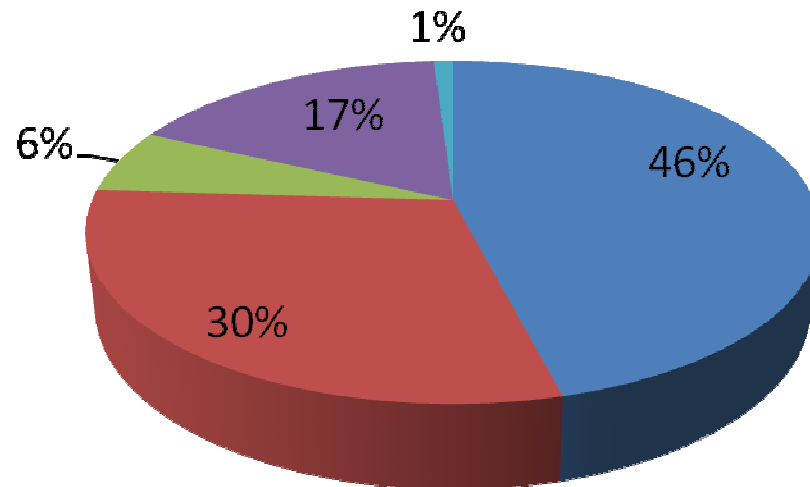
Estimated US Biodiesel Production by Calendar Year





Biodiesel Feedstocks - 2009

- Soybean Oil
- Other Feedstock (canola, cottonseed, edible tallow & palm)
- Yellow Grease
- Animal Fats (excluding edible tallow)
- Corn Oil





Biodiesel Benefits

- Economic Growth/Job Creation.
- Energy Security/Petroleum Displacement.
- Environmental Performance.



Biodiesel Federal Policy Issues



Federal Policy Framework

Stable, Reliable Policy Framework Needed to
Recognize Biodiesel's Full Economic,
Environmental and Energy Security Benefits.

- Biodiesel Tax Incentive.
- RFS2 Program.



Biodiesel Tax Incentive

Biodiesel Blenders Excise Tax Credit:

- Biodiesel when blended with diesel fuel and sold is eligible to receive a \$1.00 per gallon credit against excise tax liability. Allows for cash refunds to degree that credit exceeds excise tax liability.
 - ✓ Designed to make biodiesel price competitive with petroleum diesel fuel.

Expiration of Tax Incentive on 12/31/09 has Severely Harmed the Domestic Biodiesel Industry.



Tax Incentive Moving Forward

NBB Supports Multiple Year Extension of Credit and Changing to Production Excise Tax Credit

- H.R. 4070 (Pomeroy/Shimkus) and S. 1589 (Cantwell/Grassley)

Broad Elements of Proposal:

- Repeal current law Biodiesel Mixture Income Tax Credit and Biodiesel Blenders Excise Tax Credit.
- Enact Biodiesel Production Excise Tax Credit of Equal Value.
- Multiple Year Extension of Reformed Tax Incentive.



Production Excise Tax Credit

Benefits of Reform Proposal:

- Focus incentive on domestic production.
- Administrative/compliance benefits.
- Protects integrity of tax incentive.



RFS2 Fuel Requirements

<u>Year</u>	<u>Volume in billions of gallons</u>	<u>Conventional Biofuels</u> (may include all fuels)	<u>Advanced Biofuels</u>	<u>Cellulosic Biofuels</u>	<u>Biomass-Based Diesel</u>	<u>Undifferentiated Advanced Biofuels</u> (All fuels except conventional)
2006	4.000	4.000				
2007	4.700	4.700				
2008	9.000	9.000				
2009	11.100	10.500	0.600		0.500	0.100
2010	12.950	12.000	0.950	0.100	0.650	0.200
2011	13.950	12.600	1.350	0.250	0.800	0.300
2012	15.200	13.200	2.000	0.500	1.000	0.500
2013	16.550	13.800	2.750	1.000	≥1.000*	0.750
2014	18.150	14.400	3.750	1.750	≥1.000*	1.000
2015	20.500	15.000	5.500	3.000	≥1.000*	1.500
2016	22.250	15.000	7.250	4.250	≥1.000*	2.000
2017	24.000	15.000	9.000	5.500	≥1.000*	2.500
2018	26.000	15.000	11.000	7.000	≥1.000*	3.000
2019	28.000	15.000	13.000	8.500	≥1.000*	3.500
2020	30.000	15.000	15.000	10.500	≥1.000*	3.500
2021	33.000	15.000	18.000	13.500	≥1.000*	3.500
2022	36.000	15.000	21.000	16.000	≥1.000*	4.000

* Administrator determines minimum use allocation for out years



Questions/Discussion

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