

Governor PATRICK AND LEGISLATIVE LEADERS Call for Low Carbon Fuel Standard

Schwarzenegger praises Massachusetts for adopting California's approach to reducing greenhouse gas emissions from transportation fuel, based on Task Force recommendation

BOSTON – Wednesday, April 23, 2008 – Seizing an opportunity to make Massachusetts a national leader in alternative fuels and clean energy policy, Governor Deval Patrick, Senate President Therese Murray and House Speaker Salvatore DiMasi today announced their support for developing a Low Carbon Fuel Standard, which would set limits on greenhouse gas emissions without mandating the use of specific technology or fuels, and encouraging neighboring states in the Northeast to do the same.

The Advanced Biofuels Task Force, which issued its report today, recommended the state develop a Low Carbon Fuel Standard to support alternatives to petroleum-based fuels for powering vehicles and heating homes and businesses. A Low Carbon Fuel Standard would be technology-neutral, allowing the free market to identify opportunities for meeting the mandate at lowest cost.

“A Low Carbon Fuel Standard is the next step in encouraging the growth of our clean energy sector,” said Governor Patrick. “We get our fuels from a regional market, so the best way to encourage alternatives to petroleum is through a regional approach. Developed and implemented with our neighbors, with whom we're already cooperating to reduce greenhouse gas emissions from electric power plants, a region-wide Low Carbon Fuel Standard will have a profound impact on emissions from transportation and heating and spur the growth of the clean energy industry.”

“With astronomical fuel prices and growing concerns about the state of our environment, we are certainly at a crossroads. The Advanced Biofuels Task Force report provides us with even more insight into what we need to do to achieve our energy goals,” said Senate President Therese Murray. “I am encouraged by efforts to develop a Low Carbon Fuel Standard, which will lessen our dependence on petroleum, and increase both production and usage of cleaner, more readily available alternative fuel sources.”

“The energy crisis in Massachusetts will only dissipate with meaningful reforms and the establishment of a Low Carbon Fuel Standard is yet another important step forward,” said House Speaker Salvatore DiMasi. “The Legislature and Governor Patrick are leading the way for the nation by together offering a range of bold initiatives to promote renewable energy, create green jobs and work to lower costs for consumers.”

California is the only state in the nation to adopt a Low Carbon Fuel Standard, and is now developing regulations to put the standard into effect. Governor Patrick has directed Secretary of Energy and Environmental Affairs Ian Bowles to begin developing a Massachusetts-specific Low Carbon Fuel Standard, which other states and Canadian provinces could consider adopting, while

he reaches out to the governors of the 10 Regional Greenhouse Gas Initiative signatory states to explore development of a regional Low Carbon Fuel Standard.

"I applaud Massachusetts and Governor Deval Patrick and Legislative leaders for taking bipartisan action to fight global warming today by adopting a Low Carbon Fuel Standard modeled after California's," said California Governor Arnold Schwarzenegger. "By requiring fuel providers to reduce the carbon intensity of transportation fuels, our Low Carbon Fuel Standards will reduce our dependence on oil, boost our clean technology industry nationwide and reduce greenhouse gas emissions."

The Commonwealth's three top officials created the Advanced Biofuels Task Force last November to explore the potential for developing an advanced biofuels industry in the Commonwealth. Biofuels are substitutes for liquid petroleum fuels (such as gasoline, diesel, and heating oil) that are derived from renewable organic matter such as corn, soy, switchgrass, agricultural waste, wood and waste oil.

In a comprehensive, 96-page report to Governor Patrick and the Legislature, the Advanced Biofuels Task Force examined the economic potential of advanced biofuels; the energy and environmental lifecycle of first generation and advanced biofuels; biofuel feedstocks; statutory and regulatory approaches to spurring biofuel development; infrastructure for delivery and distribution of biofuel products; and grants, loans, and tax incentives.

The Task Force report incorporates five months of research and input received at four public meetings held across the Commonwealth. The report urges the state to support the development and use of only biofuels that demonstrate real reductions in greenhouse gas emissions relative to petroleum fuels on a lifecycle basis, including both direct and indirect impacts, such as changes in land use in response to growing demand for biofuels.

The most common forms of biofuels currently in use in the United States are corn-based ethanol to power motor vehicles and soy-based biodiesel to run diesel engines and heat buildings. Recent research on both corn- and soy-based fuels – so-called "first generation" biofuels – has highlighted concerns that these fuels are not as beneficial as previously thought, and have a negative impact on food prices and supply.

"Advanced" biofuels – fuels generally derived from non-food-based feedstocks and defined in federal law as those that yield a net lifecycle reduction in greenhouse gas emissions of at least 50 percent compared with fossil fuels – offer the greatest potential benefit for both the environment and the economy in Massachusetts, the Task Force found.

The panel estimated that a mature advanced biofuels industry could contribute \$280 million to \$1 billion per year to the Massachusetts economy by 2025, creating thousands of permanent and hundreds of temporary construction jobs, while reducing Massachusetts's reliance on petroleum imports.

At the same time that they created the Task Force last fall, Governor Patrick, Speaker DiMasi and Senate President Murray agreed to back legislation to promote advanced biofuels by requiring all diesel and home heating fuel sold in the Commonwealth to contain a minimum amount of renewable, bio-based alternatives in their blends, rising from 2 percent in 2010 to 5

percent in 2013, and by exempting from the state gasoline tax “cellulosic” ethanol – a gasoline alternative derived from feedstocks such as tree trimmings and switchgrass.

“The home heating oil industry has embarked on several key initiatives to provide cleaner burning fuels to customers and to encourage the installation of modern, fuel-saving, highly efficient heating equipment,” said Michael Ferrante, President of the Massachusetts Oilheat Council. “The Commonwealth’s efforts to implement a biofuels mandate for the state dovetails perfectly with our goals and we fully support the recommendations of the Advanced Biofuels Task Force.”

The Task Force endorsed a Low Carbon Fuel Standard based on research and testimony indicating that biofuels are among several types of technologies available to substitute for petroleum products. In the case of motor vehicles, for example, other options include all-electric, plug-in hybrid, and hydrogen fuel cells.

“In hearings and expert testimony, the Task Force found a great deal of support for a Low Carbon Fuel Standard as the most effective way to spur innovation to help us reach our environmental goals,” said Secretary Bowles, who chaired the Task Force. “A Low Carbon Fuel Standard does not pick winners among technologies, but lets the best, lowest-cost solutions rise to the top. It will drive innovation and serve as a shot in the arm to our burgeoning clean energy sector in the Commonwealth.”

The Task Force also recommended that in the Northeast, where space heating demands major use of energy and generates greenhouse gas emissions, state policymakers should consider moving beyond California’s vehicle-only LCFS to include all the possible uses of biomass as an energy source – whether they occur in the transportation sector or in home heating. Such an expansion of the LCFS would put Massachusetts on the vanguard in the economy-wide regulation of greenhouse gas emissions.

For the full report of the Advanced Biofuels Task Force go to <http://www.mass.gov/envir/biofuels/>.