

THE WHITE HOUSE

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The President's New Executive Order on  
Bio-based Products and Bioenergy  
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The Executive Order that President Clinton will issue today will coordinate Federal efforts to accelerate the development of 21st century bio-based industries that use trees, crops, and agricultural and forestry wastes to make fuels, chemicals, and electricity. Owing to recent scientific advances, bioenergy and bioproducts have enormous potential to create new economic opportunities for rural America, enhance U.S. energy security, and help meet environmental challenges like global warming. In a separate Executive Memorandum, the President set a goal of tripling U.S. use of bio-based products and bioenergy by 2010. Meeting this goal could create \$15 billion to \$20 billion in new income for farmers and rural America, and reduce annual greenhouse gas emissions by an amount equal to over 100 million metric tons of carbon (MMTCE) - the equivalent of taking over 70 million cars off the road.

BIOMASS

Biomass is trees, crops, and agricultural and forestry wastes that can be used to make fuels, chemicals, and electricity. Biomass is a clean, domestic, and renewable source of energy. It can be used to fuel cars, power factories, and create a host of chemicals and other everyday products.

EXECUTIVE ORDER

Recent scientific advances in farm, forestry, and other biological sciences are making bioenergy and bioproducts more technically feasible and more economically viable. Recent reports and studies - including the just-released National Research Council report, "Biobased Industrial Products" - have concluded that Federal support for research is essential to realizing the economic and environmental potential of bio-based industries. Today's Executive Order acts on this advice to create a powerful new research management team to focus Federal efforts with a goal of tripling U.S. use of bioenergy and bioproducts by 2010. Energy from biomass sources currently accounts for about 3 percent of the total U.S. energy supply - mostly from wood and wood waste.

This Executive Order :

- Establishes a permanent council consisting of the Secretaries of Energy and Agriculture, the Environmental Protection Agency Administrator, and the Director of the National Science Foundation, and other agency heads to develop a detailed research program to be presented annually as part of the annual Federal budget.
- Instructs the council to review major agency regulations, incentives and programs to ensure that they are being used effectively to promote the use of bioproducts and bioenergy.

The council's plan will be reviewed by an outside advisory group with representatives from bio-based industries, farm and forestry sectors, universities, and environmental groups.

- Directs DOE and USDA to establish a National Biobased Products and Bioenergy Coordination Office to manage the preparation of interagency budgets and provide an easy point of entry for anyone interested in Federal work in biobased products and bioenergy.

Today's Executive Order also builds on the Administration's record of strong and consistent support for bio-based industries. This includes the Administration's electricity restructuring bill introduced earlier this year requiring that 7.5 percent of all U.S. electricity come from renewable resources by 2010; Executive Order 13101, signed in September 1998, instructing Federal agencies to make use of biobased products; new proposed tax credits for bio-based electricity production; and increased research funding for the Department of Energy (DOE), the Department of Agriculture(USDA), and the National Science Foundation.

In a separate Executive Memorandum, the President instructed the Secretaries of Energy and Agriculture to prepare a report within 120 days outlining and assessing options for modifying existing DOE and USDA programs with a goal of tripling U.S. use of bio-based products and bioenergy by 2010.

#### WHAT IS BEING DONE RIGHT NOW IN BIOENERGY AND BIOPRODUCTS

Clean bioenergy and bioproducts are very much here and now. Already DOE and USDA are participating in partnerships on a number of major, breakthrough bioenergy and bioproducts projects, including:

- Biomass to Ethanol Demonstration Projects. Last fall BC International broke ground in Jennings, Louisiana on the first commercial plant to produce ethanol from the cellulose in agricultural waste - in this case sugar cane bagasse. A number of other demonstration projects are under development to convert municipal solid waste to ethanol.
- Biorefinery for Chemicals. Cargill Corporation, one of the largest privately held company in the United States, has built a prototype biorefinery in Blair, Nebraska. This new facility will use corn to produce a stream of chemical products and also a biodegradable polymer, polylactic acid, used in making films, fibers, rigid materials and coatings.
- Co-Firing Technologies. A number of projects are exploring ways to use biomass such as switchgrass and short-rotation wood crops like willows to make electricity by cofiring them with coal. Two of the most prominent projects - the Iowa Chariton Valley project and the New York Salix project - will also investigate the technical and business aspects of biomass gasification, where biomass is made into a fuel gas that can be used for heat or power production.

#### ECONOMIC POTENTIAL OF USING BIOMASS FOR ENERGY AND PRODUCTS

A robust bioenergy and bioproducts industry in the United States promises tremendous economic benefits for biomass producers - including farmers and the forest products industry - energy producers, chemical manufacturers, and the U.S. economy as a whole.

For rural America, a fast-growing bioenergy market will greatly increase the demand for energy crops and for agricultural and forest

residues, or wastes, of all types. Since the cost of transporting the raw materials is high, most of the value-added work would occur in rural communities, providing new revenue streams for farmers and cash-flow for rural economic development. This means that good, high-technology jobs associated with producing biofuels and chemicals can be added in rural communities helping ensure that they will be an integral part of a prosperous 21st century American economy. By creating high-tech jobs and new economic opportunities, meeting the President's goal of tripling U.S. use of bioenergy and bioproducts could add \$15 billion to \$20 billion in new income for farmers and many rural communities.

Finally, as the President's Committee of Advisors on Science and Technology highlight in their new report - "Powerful Partnerships: The Federal Role in International Cooperation on Energy Innovation" - investments in bioenergy technologies, infrastructures, and markets could increase profitability for U.S. firms competing in global markets, while simultaneously providing for the world's future energy needs in an environmentally sustainable way.

#### BIO-BASED TECHNOLOGIES HELP MEET ENVIRONMENTAL CHALLENGES

Substituting biomass for fossil fuels can dramatically reduce greenhouse gas emissions that contribute to global warming. Since biomass crops absorb carbon during growth, their use for energy and other applications results in near zero net carbon release.

Meeting the President's goal of tripling our use of bioenergy and bioproducts by 2010 will reduce greenhouse gas emissions by 100 MMCTE - the equivalent of taking more than 70 million cars off the road. Substituting for fossil fuels, bioenergy will also reduce emissions of nitrogen oxides (NOx), sulfur oxides (SOx), and other pollutants.

Additionally, the deep-rooted plants commonly used for biomass - such as poplar, willow, and switch grass - are helpful in controlling erosion, filtering chemicals from water runoff, and slowing floodwaters.

#### PRESIDENT CLINTON'S FY2000 BUDGET ON BIOMASS

The President's FY 2000 budget request contains \$242 million for investments in biomass research, development and deployment, including:

- Advanced Biomass Power and Fuels. Funding for DOE and USDA to continue developing, testing, and demonstrating high-yield, low-cost biomass feedstocks; cofiring biomass with coal to produce electricity; advanced technologies for biomass gasification using paper industry by-products; and continued work on producing alternative fuels, such as ethanol, from biomass.
- National Biomass Partnership. Funding for DOE, USDA and other Federal agencies and private partners to launch a national partnership to develop advanced integrated biomass technologies.

The President has also proposed a package of biomass tax credits. The President proposes to extend for 5 years the current 1.5 cent per kilowatt hour tax credit for electricity produced from biomass. The proposal also expands the types of biomass eligible for the credit to include certain forest-related, agricultural and other resources. Finally, the package includes a 1.0 cent per kilowatt hour tax credit for electricity produced by cofiring biomass in coal plants.

To date, Congress has not only failed to enact these proposed new tax credits, but has terminated the current 1.5 cent per kilowatt

credit and cut the President's budget request by 14 percent.

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