



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 4

TO: MEMBERS OF THE SPECIAL COMMITTEE ON DOMESTIC BIOFUELS

FROM: Larry Konopacki, Staff Attorney, and John Stolzenberg, Chief of Research Services

RE: Potential Policy Options

DATE: November 11, 2008

This Memo provides a list of potential policy options for the committee to consider. This list was prepared at the request of Senator Pat Kreitlow, Chair of your committee, and is intended to organize the committee's discussion of policy options and to help the committee identify issues on which it needs additional information. These options have been identified from previous committee discussion, member input, presentations, and other sources related to the committee's work. The options are organized under broad goals that relate to the committee assignment.

A number of "guiding principles" have also been identified during this process that the committee may want to use to inform its discussion and policy choices. These include: energy security, job creation and economic development, environmental responsibility, and benefits to the agricultural sector.

FEEDSTOCKS

I. Increase supply of feedstocks for biofuels

- A. Create a system for long-term contracts and/or easement payments to be offered for production of bioenergy crops.
- B. Match federal Biomass Crop Assistance Program dollars with state funds.
- C. Expand lands dedicated to producing biomass for energy production by expanding the managed forest land program or use-value property tax system.
- D. Promote afforestation, reforestation, and future forest loss prevention by increasing funding for programs such as the Wisconsin Forest Landowner Grant Program and the Urban Forestry Grant Program, developing a state Forest Legacy Program modeled on the USDA program, and

creating a Forest Planning Grant Program to promote consideration of forests in local government planning efforts.

- E. Provide loans, grants, or other incentives to support investment in capital equipment, infrastructure development, and related support services required for bioenergy feedstocks establishment, production, harvest, storage, or transport.
- F. Promote professional and technical education related to feedstocks production.

II. Improve quality of feedstocks and sustainability of feedstock production

- A. Create standards for biomass production that protect public benefits, including water quality, soil health, responsible chemical inputs, soil carbon storage, biodiversity, and wildlife habitat.
- B. Link eligibility for programs related to energy crop production and other feedstocks production to technical and environmental standards.
- C. Prioritize programs that promote energy crops that are not primarily grown for human or animal consumption.

III. Increase market for feedstocks

- A. Create a program to educate producers about how to use the carbon footprint of feedstocks to increase their value and create marketable carbon offsets.
- B. Establish a Renewable Fuels for Schools and Communities Program to provide loans or other financial assistance for the purchase of equipment for biomass energy systems in schools and government-owned buildings.
- C. Promote the conversion of fossil fuel-powered electricity, steam, or heat generation to biomass generation.
- D. Create a residential biomass heat program.
- E. Promote clustering of feedstocks producers with fuel production facilities.

IV. Research and study feedstock technologies and policy

- A. Promote assessments of feedstocks.
- B. Research new feedstock technologies.
- C. Study the impacts of the use of various feedstocks for energy production on other consumers of those feedstocks, and the relative “value” of various uses for feedstocks.
- D. Study how trends in land use and other factors may affect the supply of future biofuel feedstocks.
- E. Study direct and indirect land use changes that may be caused by the expanding biofuels industry, like removal of land from the conservation reserve program (CRP).

F. Study barriers to the use of wood waste and food waste as feedstocks for biofuels.

G. Study soils statewide to identify optimal biomass feedstocks.

BIOFUELS PRODUCTION

V. Increase biofuel production in the state

A. Provide volumetric production incentives.

B. Provide biofuels production facility construction incentives.

C. Provide technical assistance.

D. Reduce regulatory burdens.

E. Provide technical or financial support to the pulp and paper industry to add the production of other bioproducts including biofuels.

F. Streamline the siting and expansion of biofuels production facilities.

G. Assess workforce needs to support expansion of the biofuels industry and promote professional and technical education needed to meet those needs.

H. Create a program to provide reduced rate loans to renewable energy businesses, utilities and start-ups.

I. Provide incentives for “home producers.”

VI. Improve biofuel production systems

A. Promote sustainable production of biofuels.

B. Provide assistance for ethanol plants to convert to biomass energy for process heat.

C. Research uses for byproducts.

D. Support research on conversion technologies and improving biofuels production efficiency.

E. Create a state low carbon fuel standard applicable to all transportation fuels (LCFS), promote a regional LCFS, or require biofuels production in Wisconsin to meet the federal low carbon biofuels standard to qualify for state incentives and programs.

BIOFUELS DISTRIBUTION

VII. Expand the biofuel distribution system

A. Provide funding for biodiesel heaters and other incentives for biodiesel bulk storage and blending.

- B. Study biofuels distribution infrastructure bottlenecks.

VIII. Increase number and capacity of biofuel dispensing facilities

- A. Expand Wisconsin's E85 pump installation program.
- B. Promote installation of blender pumps.
- C. Provide cost sharing and technical assistance on federal programs such as the federal "refueling infrastructure corridor grant" program (sec. 244 (d), 2007 Energy Act).
- D. Require fuel suppliers to provide unblended fuel.

BIOFUELS DEMAND

IX. Increase demand for biofuels

- A. Establish a state biofuels marketing and public education program.
- B. Develop a green fuels certification program.
- C. Remove barriers to the use of intermediate ethanol blends in non-flex-fueled vehicles.
- D. Create a Wisconsin renewable fuel standard (RFS) with specific targets for biofuels created from various feedstocks.
- E. Require state to prescribe and enforce product-grade specifications for biodiesel.
- F. Provide incentives for retail purchase of biofuels.
- G. Provide incentives for purchase of vehicles which run on higher blends of biofuels, or the conversion of vehicles to run on higher blends.
- H. Expand state programs related to biofuels consumption by the state fleet.
- I. Prioritize state construction bids from contractors that utilize renewable fuels.
- J. Establish awards and prizes for innovations related to biofuels.

ADMINISTRATION OF STATE BIOFUELS PROGRAM

X. Streamline state administration of biofuel-related programs

- A. Clarify/expand the role of the Office of Energy Independence as the state's clearinghouse for research, policies, programs, and issues related to biofuels.
- B. Promote improved agency collaboration with and consolidation of biofuels-related programs, including by reviewing successful models of cooperation in other states.
- C. Promote a collaborative relationship with other states and provinces.