

November 10, 2010

The Honorable Thomas Vilsack
Secretary, U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

USDA is currently holding forums throughout northeastern states to seek public feedback on the USDA Biofuels Strategic Production Report. As you noted in your introductory video remarks at these forums, biofuels production and use is a tremendous opportunity for our nation "if it is done right." Here in the Northeast, however, the Northeast Biomass Thermal Working Group (NEBTWG) and the Northern Forest Center believe that a strategy to do biofuels "right" can be enhanced to provide additional reductions in imported energy and the Northeast states can make greater contributions to the National goals.

NEBTWG is an informal network of individuals from business, government and the non-profit community, committed to advancing the role of biomass energy in thermal and combined heat and power applications in the northeastern US. The Northern Forest Center works through networks and partnerships to build a sustainable economy, revitalize local communities and conserve the landscape of the Northern Forest of Maine, New Hampshire, Vermont and New York.

While the desired outcomes of the Renewable Fuels Standards (RFS2)—increased energy independence, reduced carbon emissions, and "green" jobs and economic opportunities for American workers—have our full support, the narrow focus on liquid transportation fuels fundamentally misses the mark in the Northeast. **In our region, the best and most cost-effective way to achieve the desired outcomes of RFS2 is to reduce reliance on #2 heating oil by substituting with locally produced biofuels, including *solid* biofuels made from biomass.** With this strategy, the Northeast will make significant contributions to achieving the desired outcomes of RFS2 in ways that make sense for the economy, communities, and forest and farm landscape of our region.

1. The Biofuels Strategy should be broadened to recognize that "biofuels" include much more than liquid transportation fuels. Sustainable use of the Northeast's productive forests for *thermal* energy can reduce heating oil consumption in the region by an amount more than double the ethanol and biodiesel production targets set forth in the USDA Biofuels Strategy.

The Northeast¹ uses 84% of the entire U.S. supply of home heating oil. We consume 5.5 billion gallons of heating oil each year (which, according to EIA is more than all diesel fuel consumed for transportation in our region), sending almost \$10 billion overseas to foreign nations. Rather than producing 423 million gallons of new biofuel—the target set out for the Northeast in the Biofuels Strategy—this region can reduce its heating oil consumption by 1.14 billion gallons annually by converting 25% of our thermal energy generation from oil to wood and other renewables. A strategy to achieve this goal is already in place,² can be implemented with existing commercial technology, and will require no significant new

¹ "Northeast" is defined here as the six New England States and New York, a definition that differs from (and is smaller than) the Northeast region defined in the Biofuels Roadmap. That region also includes Michigan, New Jersey, and West Virginia.

² Biomass Thermal Energy Council, 2010. Heating the Northeast with Renewable Biomass: A Vision for 2025

infrastructure—stark contrasts to the complexity and expense of creating a liquid biofuels infrastructure where none currently exists. And, we know it can succeed as European nations have made huge advances in biomass thermal technologies.

2. The Biofuels Strategy does not address the fact that there are already significant and important economic uses of the forest feedstocks proposed for biofuel production in the Northeast. Rather than investing in a wholly new biofuel economy, federal energy policy should support the innovation already occurring in the Northeast to create a “green”, forest-based energy economy for the 21st century.

The annual contribution of forest-based manufacturing and forest-related recreation and tourism to the economy in Maine, New Hampshire, Vermont and New York alone is over \$19 billion.³ What would the impact of the proposed Biofuels Strategy have on these existing industries, which employ over 90,000 people and rely on the same forest resource? We suggest that the \$3.52 billion identified in USDA’s strategy as the cost for building 11 biorefineries in the Northeast would have a much more significant impact if it were invested in energy efficiency upgrades for the region’s aging building stock and in a more distributed thermal energy economy. Innovative, private sector approaches to these very issues are already taking hold in our region, and could benefit tremendously from even a fraction of the investment necessary for biorefineries.

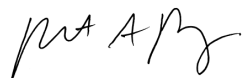
We understand that USDA is responding to the mandates established in the RFS2, and that the latitude to interpret the statute is limited. Nonetheless for the reasons outlined above we strongly encourage USDA to incorporate a high level of flexibility in how different regions of our country achieve the energy security outcomes we all desire. Here in the Northeast we can make a tremendous contribution given our unique and significant dependence on #2 heating oil, but the current proposed policy prescribes actions for our region that are simply not the best solutions.

Thank you for this opportunity to share our perspectives.

Sincerely,



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³ NorthEast State Foresters Association, 2007. The Economic Importance and Wood Flows of the States of Maine, New Hampshire, Vermont, and New York.

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