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Governor Signs Bill Promoting Advanced Biofuels

Exempting non-food-crop biofuels from gasoline tax, mandating biofuels in diesel and home heating oil, and developing a Low Carbon Fuel Standard for the region, the Clean Energy Biofuels Act will boost clean tech industry

BOSTON – Monday, July 28, 2008 – Governor Deval Patrick today signed the Clean Energy Biofuels Act, legislation that will encourage the growth of an advanced biofuels industry as part of the growing clean energy technology sector in Massachusetts. In nation-leading provisions, the legislation gives preferential tax treatment to non-corn-based alternatives to ethanol, requires biofuel content in all the diesel and home heating fuel sold in the state, and proposes a new fuel standard for the region that will encourage a range of emissions-reducing technologies for cars and trucks.

Filed in November as a joint initiative with Senate President Therese Murray and House Speaker Salvatore F. DiMasi, the legislation was expanded and refined based on the recommendations of an Advanced Biofuels Task Force appointed by the three leaders, comprising industry representatives, experts, legislators, and agency officials. The Task Force issued its final report in April, following four public hearings across the state.

“The world is waiting for the next generation of clean, renewable alternatives to petroleum fuels, and Massachusetts is poised to deliver,” said Governor Patrick. “This new law will help us develop advanced biofuels and get them to market, without driving

up food prices. We want these new fuels in our tanks and these new jobs in our economy here in Massachusetts.”

“With all-time high crude oil prices, this new law solidifies our position as a leading producer of fuel alternatives and firmly sets Massachusetts on the transitional course from fossil fuels to clean-energy products,” Senate President Murray said. “It also spurs new economic activity in the forestry and agricultural industries, encouraging the use of fallow land to produce both food and fuel without negatively impacting the food supply.”

“Now more than ever, people are demanding cleaner, more renewable fuels and Massachusetts is again leading the nation with this advanced biofuels initiative,” said Speaker DiMasi. “This law will help us expand our biofuels sector in the Commonwealth, bring more clean fuel to the marketplace and give people real alternatives to fossil fuels.”

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 vegetable oil. “Advanced” biofuels are generally derived from non-food-based feedstocks and defined in federal law as those that yield a lifecycle reduction in greenhouse gas emissions of at least 50 percent compared with fossil fuels.

While Massachusetts plays little role in the corn- and soy-based biofuels of today, the advanced biofuels of tomorrow depend on biochemical research, technological entrepreneurship, and feedstocks that can be grown locally. Already, Massachusetts is home to a number of leading companies in the quest to develop advanced biofuels, including Mascoma Corp. of Boston, where the signing ceremony was held today, and SunEthanol of Hadley, a spin-off of discoveries made at the University of Massachusetts–Amherst.

“We are thrilled that Massachusetts is demonstrating a commitment to the development of biofuels through the passing of this important legislation,” said Bruce Jamerson, CEO of Mascoma Corp., a leading cellulosic ethanol development company based in Boston, who served on the Advanced Biofuels Task Force. “We are proud to be part of this landmark moment.”

The Task Force estimated that a mature advanced biofuels industry could contribute \$280 million to \$1 billion per year to the Massachusetts economy by 2025, generating 1,000 to 4,000 permanent jobs and 150 to 760 temporary construction jobs, while reducing the Bay State’s reliance on petroleum imports.

In its major provisions, the Clean Energy Fuels Act:

- Exempts from the state gasoline excise tax cellulosic biofuels – gasoline substitutes made from the fibrous matter (cellulose) of feedstocks such as switchgrass, agricultural wastes, and forest products rather than corn. Massachusetts is the first state in the nation to give a tax incentive for the use of cellulosic biofuels rather than corn-based ethanol.
- Requires a minimum percentage of biofuel as component of all diesel fuel and home heating fuel sold in the Commonwealth, starting at 2 percent in 2010 and ramping up to 5 percent by 2013. Massachusetts is the first state in the nation to require biofuel in home heating fuel. All biofuels must meet high standards for reduction of greenhouse gas emissions over their entire lifecycles (growing,

processing, and combustion) in order to qualify for the content mandate. The state Department of Energy Resources has authority to delay the minimum content requirements if there are no biofuels available that meet those standards.

- Requires Massachusetts to develop, as a successor to minimum percentage requirements, a Low Carbon Fuel Standard that would reduce greenhouse gas emissions from the transportation sector by 10 percent and to seek an agreement with the member states of the Regional Greenhouse Gas Initiative to implement the Standard on a regional basis. To date, only California has committed to developing a Low Carbon Fuel Standard, which could be met by a range of possible technologies – more and better biofuels, plug-in hybrids, all-electric cars, or other innovations. In May, following an announcement that he and the legislative leadership had committed to a regional Low Carbon Fuel Standard, as recommended by the Advanced Biofuels Task Force, Governor Patrick sent a letter to all RGGI-state governors inviting them to work with Massachusetts on the effort.

The Clean Energy Biofuels Act is the third piece of legislation signed by Governor Patrick this spring encouraging clean energy alternatives to fossil fuels and supporting the growth of a clean energy technology industry in Massachusetts. The Green Communities Act will remake the electricity marketplace in Massachusetts to favor efficiency over additional power generation, saving energy and money for consumers, and to support the development and use of renewable energy by residents, businesses, and municipalities. The Oceans Act, which requires the development of a first-in-the-nation comprehensive management plan for Massachusetts's state waters, allows for the development of wind, wave, and tidal power as part of a plan that balances new and traditional uses with preservation of natural resources.

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