



Newsletter

Issue 10: June, 2004

EDITORS NOTES

D. J. Gregg

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As mentioned in the previous newsletter issue I am in the process of modifying the website and newsletter to better reflect the new structure of Task 39 and also incorporate some of the suggestions from our participants. These changes will be rolled out over the next 6 months to a year.

One idea which I have been thinking about over the last 3 years is making the website more dynamic with the incorporation of a newsfeed on the landing page of the website. Many of you have no doubt noticed these on other mainstream websites. I could also include a XML or RSS feed from our website which would allow those with newsgathering software to gather pertinent text-only headlines without having to go to the website with a browser. I personally feel this is the wave of the future and this would provide not only more traffic to our site but also a valuable service to the biofuels community. How many of you are currently using newsgathering software?

FROM THE TASK LEADER

Jack Saddler

<mailto:saddler@ubc.ca>

Welcome to the summer edition of the IEA Task 39 'Liquid Biofuels' Newsletter. I would like to thank all of you for your input and enthusiasm during the first few months of our Task's operation. In particular, your comments and suggestions have helped us to schedule events over the next three years. There has not been so much excitement in biofuels for quite some time and I believe this will be a particularly interesting three year period of Task 39 activity.

As you know, our first scheduled event will be the Task 39 Workshop in Kyoto, Japan, from December 13-15. We extend our thanks to our colleague, Dr. Shiro Saka, for

hosting this event. We will be following up with further information about this event as the summer draws to a close. For those of you who have already expressed an interest in attending, we would take this opportunity to remind you that the 21 COE Symposium, held from December 17-18, is open to our members.

As part of the job of setting our goals over the next three years, we have established two sub-groups in the areas of policy (led by Eric van den Heuvel and Warren Mabee) and biodiesel (led by Manfred Wörgetter). These groups have begun to formulate the questions that will be answered through commissioned reports and vigorous discussion amongst the general Task 39 membership. Some of these questions, in the area of biofuel policy, are posed at the end of this month's feature article.

In the months to come, I look forward to finalizing the questions that our Task will address, and defining a set of deliverables that will add value to our work at the end of the current triennium.

Thank you all once again for contributing to an active and exciting discussion.

Everyone have an enjoyable summer.

FUTURE WORKSHOPS/SYMPOSIA

Local Cultural Context for New Energy Technologies

Jul. 6 - 2004

Genova, Italy

<http://www.managenergy.net/conference/genoa0704.html>

IEA/CSLF Joint Workshop on Legal Aspects of Storing Carbon Dioxide

12 July 2004 July 13, 2004

IEA Headquarters, Paris

<mailto:jacek.podkanski@iea.org>

American Coalition for Ethanol (A.C.E.)
17th Annual Meeting and Ethanol Conference and Trade Show
August 10th - 12th, 2004
Duluth Entertainment Convention Center, Duluth, Minnesota.
<http://www.ethanol.org>
<mailto:wsburen@ethanol.org>

National Biofuels Symposium for Lenders: "Banking on Biofuels"
August 18-19, 2004
The Drake Hotel
Chicago, Illinois, USA
Sacramento, California, USA
<http://www.bbiethanol.com/lenders/>

Energy Technology Expo & Conference
August 31-Sept. 1, 2004
Denver, Colorado
<http://www.energytechexpo.com/>

WRE Congress VIII
Sat 28th Aug to Fri 3rd Sep 2004
Denver, Colorado
<http://www.nrel.gov/wrec>

Science in Thermal and Chemical Biomass Conversion (STCBC) Conference
Mon 30th Aug to Thu 2nd Sep 2004
Victoria Conference Centre and Fairmont Hotel Victoria, Vancouver Island, BC, Canada
<mailto:e.wylde@aston.ac.uk>

19th World Energy Congress & Exhibition
September 5-9, 2004
Sydney, Australia
<http://www.tourhosts.com.au/energy2004/news.asp>

7th Greenhouse Gas Technology Conference
Sep. 5 - 2004 to Sep. 9 - 2004
Vancouver, Canada
<http://www.ghgt7.ca/>

Task 31 International Workshop - Sustainable Production Systems for Bioenergy: Forest Energy in Practice
Sun 12th to Sat 18th Sep 2004
Norway and Sweden
<mailto:jrichardson@on.aibn.com>

2nd International Ukrainian Conference on Biomass for Energy
Sep. 20 - 2004 to Sep. 22 - 2004
Location: Kyiv, Ukraine Fax: +380-44 456 6282
<mailto:zhelyezna@biomass.kiev.ua>
<http://www.biomass.kiev.ua/>

Second International Ukrainian Conference on Biomass for Energy
Mon 20th to Fri 24th Sep 2004

Kyiv, Ukraine
<mailto:zhelyezna@biomass.kiev.ua>
<http://www.biomass.kiev.ua>

Waste 2004
Tue 28th to Thu 30th Sep 2004
<mailto:info@waste2004.com>
<http://www.waste2004.com>

ExCo54
Mon 4th to Fri 8th Oct 2004
Ottawa, Canada
<mailto:jrtustin@xtra.co.nz>

Fuel Cells Science and Technology 2004: Scientific Advances in Fuel Cell Systems
Oct. 6 - 2004
Munich - Germany
<http://www.fuelcelladvances.com/>

2004 Sustainable Energy
Oct. 19 - 2004 to Oct. 21 - 2004
London, UK
<http://www.energy-expo.info/page.cfm/Link=8/t=m/goSection=3>

Energy in motion
Oct. 19 - 2004 to Oct. 20 - 2004
Amsterdam
http://www.eu-conference2004.nl/start_pagina_EiM.html

Sustainable Energy, Energy Efficiency and Environmental Solutions Expos 2004
October 19-21, 2004
Olympia in London
<http://www.energy-expo.info/page.cfm/Link=8/t=m/goSection=3>

Biofuels Workshop & Trade Show - Pacific and Western Region
October 25-27, 2004
Hyatt Regency Hotel
Sacramento, California, USA
<http://www.bbiethanol.com/biofuelsworkshop/>

World Ethanol Conference and Ethanol Production Workshop
November 8, 2004 (Workshop)
Nov. 9-10, 2004 (Conference)
More information available at a later date.
<mailto:conferences@fo-licht.com>
<http://www.fo-licht.com>

Biomass and Bioenergy Production for Economic and Environmental Benefits and the Annual TASK 30 Meeting
Mon 8th to Thu 11th Nov 2004
Historic Francis Marion Hotel Charleston, South Carolina, USA
<mailto:theo.verwijst@lto.slu.se>
<http://www.woodycrops.org>

FEATURE ARTICLE

POLICY OPTIONS TO SUPPORT BIOETHANOL PRODUCTION

Warren Mabee and Sabrina Lau, with comments from Eric van den Heuvel.

In the past twenty-five years, ethanol production from agricultural crops and residues in the United States has increased tenfold. To a large degree, this increase can be traced back to federal and state government policies and incentives. A paper under development by the Forest Products Biotechnology group at UBC compares and contrasts the approaches taken by four major bioethanol-producing states: Iowa, Nebraska, South Dakota and Minnesota. An analysis of policies behind the successful establishment of the industry, at the state and federal levels, was conducted.

In the U.S., starch-based processes using corn as a substrate dominate the ethanol industry. Most of the production of ethanol is concentrated in the Midwest, where state and federal government incentives have combined to make an attractive environment for ethanol production. Over half of U.S. production is found in just four states, all of which have focused significant resources on the ethanol industry. The states with the highest ethanol capacities include Illinois (annual ethanol production capacity, 4.8 billion litres), Minnesota (1.5 billion litres), Nebraska (1.2 billion litres) and South Dakota (1.1 billion litres).

It was found that there are a variety of incentives that are offered for ethanol production and/or consumption in these jurisdictions. Some are applied on a per-unit basis, while others are assigned to the construction of a facility. Some are cash or cash rebates, while others are in the form of tax exemptions. Discerning a winning strategy from these incentives can be very difficult. For the purpose of this review, it was decided to focus on two types of incentives, and to compare these incentives to ethanol production and consumption. This study focuses on excise tax exemptions and production incentives (both direct and indirect), which can take on a variety of forms.

Excise taxes are one of the most common instruments of policy as related to transportation fuels, and are designed to fill the gap between property and income taxes. These types of taxes can be imposed on the sale or use of certain articles, including fuels, and on certain transactions and occupations. Normally, these taxes cannot be deducted and result in a hidden cost to the consumer. The excise tax rates on gasoline for the four states under consideration range considerably. These taxes range from 5.0 ¢/L in Il-

linois to 6.5 ¢/L in Nebraska. Only one of these four states offers an exemption on excise taxes (South Dakota which offers 0.5 ¢/L off of the normal excise rate of 5.8 ¢/L). When compared to North American countries, European excise taxes are very high, and thus excise tax exemptions may be of more importance to producers and consumers of ethanol based in European countries.

Another common policy instrument used to support the ethanol industry is government program funding, in the form of direct or indirect subsidies, loans, or grants. For the purpose of this study, direct funds are considered to be funds earmarked for ethanol production, while indirect funds are those intended to support biofuels or biomass production for general energy purposes. When different funding sources were considered, the only real criteria applied to warrant their inclusion in this study was that the funds be applied to the construction or modification of production facilities, and that ethanol is accounted as an eligible product. For instance, research funding has been identified as an important part of government programs to support the ethanol industry.

This review has implications for the growth of the bioethanol industry in other countries, including both Canada and members of the EU. Our findings indicate that successful policy interventions can take many forms, but that success is equally dependent upon external factors which include biomass availability, an active industry, and competitive energy prices. It is important that policies be crafted that reflect 'realistic' use scenarios for bioethanol and other biofuels over future timeframes. We suggest that a number of further questions need to be addressed, including the following:

- 1) For countries already considering biofuels, what are the current implementation plans of the jurisdiction, region, or nation in question?
- 2) What are the implications and potential roles of biofuel development for developing nations?
- 3) How will changing standards for fossil transport fuel emissions drive the shift to bioethanol and other biofuels?

For more information on IEA Bioenergy Task 39, please contact:

Eric van den Heuvel (Associate Task Leader, Policy) at <mailto:e.van.den.heuvel@novem.nl>

Warren Mabee (Associate Task Leader, Policy) at <mailto:warren.mabee@ubc.ca>

WORLD EVENTS/INFORMATION

IEA Updates the Dealing with Climate Change Database

http://www.iea.org/Textbase/press/pressdetail.asp?PRESS_REL_ID=131

From the archives: Ethanol Producer Magazine, The Energy Independent nearly a decade old

<http://www.bbiethanol.com/news/view.cgi?article=973>

House of representatives passes jobs bill including ethanol incentive extension/htf fix

<http://www.ethanolrfa.org/pr040617.html>

Study: Ethanol reduces need for expensive high-octane gasoline blending components in rfg

<http://www.ethanolrfa.org/pr040621.html>

Dutch Cabinet wants to start using biofuels in 2006

http://www.gave.novem.nl/novem_new/index.asp?id=25&detail=236

Brussels: CO-OPET workshop strategies to implement EU Biofuels Directive

http://www.gave.novem.nl/novem_new/index.asp?id=25&detail=235

Biofuels in the spotlight throughout Europe

http://www.gave.novem.nl/novem_new/index.asp?id=25&detail=234

Stockholm Clean Vehicles and Fuels European Symposium and Exhibition

http://www.gave.novem.nl/novem_new/index.asp?id=25&detail=230

Lignite-fired ethanol plant looking for money from city officials

<http://www.kxma.com/news/local.asp?ID=3992>

Hopkinsville ethanol plant hailed as environmental breakthrough

<http://www.theleafchronicle.com/news/stories/20040619/localnews/678969.html>

New Ethanol Plant Expected to Be Third Largest in U.S.

<http://www.oswegocountybusiness.com/issue72/72Ethanol.html>

Demand for Biodiesel Continues to Strengthen; New Unit Planned in Georgia, an Advisory from Industrialinfo.com

<http://www.biobased.org/list2.php?storyid=5951>

Family Goes On 11,000-Mile Biodiesel Trip

<http://www.thewgalchannel.com/automotive/3442024/detail.html>

Seashore vehicles gas up on biodiesel

<http://msnbc.msn.com/id/5262720/>

IEA Comments Sweden's International Market Approach to Energy but Stresses the Importance of a Credible, Long-Term Plan on the Future of Nuclear Power

http://www.iea.org/dbtw-wpd/Textbase/press/pressdetail.asp?PRESS_REL_ID=130

IEA Analyses Security of Gas Supply in Open Markets

http://www.iea.org/dbtw-wpd/Textbase/press/pressdetail.asp?PRESS_REL_ID=129

Renewable Energy - Markets and Policy Trends in IEA Countries

http://www.iea.org/dbtw-wpd/Textbase/press/pressdetail.asp?PRESS_REL_ID=128

Biofuels for Transport: An International Perspective

http://www.iea.org/dbtw-wpd/Textbase/press/pressdetail.asp?PRESS_REL_ID=127

As drivers hit the road for memorial day, ethanol is helping to moderate gasoline prices

<http://www.ethanolrfa.org/pr040527.html>

RFA to house: pass energy bill, VEETC

<http://www.ethanolrfa.org/pr040506.html>

EIA: adequate New York and Connecticut RFG-ethanol supply potential exists; gasoline prices moving similar to rest of country

<http://www.ethanolrfa.org/pr040505.html>

Tapping the 'Fat of the Land' for Biodiesel

<http://www.solaraccess.com/news/story?storyid=6931>

Retrofitting school buses could have contractual, financial implications

http://www.nashvillecitypaper.com/index.cfm?section_id=9&screen=news&news_id=33801

Biodiesel maker predicts progress will be sluggish

<http://news.scotsman.com/scitech.cfm?id=666502004>

EPA Administrator Leavitt Awards Clean School Bus Grants to Two Michigan School Districts

<http://releases.usnewswire.com/GetRelease.asp?id=131-06142004>

Abengoa Bioenergy Assumes Control of Ravenna Ethanol Plant

<http://www.abengoabioenergy.com/about/index.cfm?page=5&lang=1&headline=18>

Australia: New Laws Outlaw Biodiesel Home Brews

<http://www.abc.net.au/news/newsitems/200406/s1133605.htm>

Michigan Awards Wind, Biodiesel Grants

<http://www.solaraccess.com/news/story?storyid=6938>

EPA Administrator Leavitt Awards Clean School Bus Grants to Two Michigan School Districts

<http://releases.usnewswire.com/GetRelease.asp?id=131-06142004>

Prospects bright as green fuel firm aims to raise £15m

<http://business.scotsman.com/technology.cfm?id=670022004>

Beaufort County ethanol plant all but a done deal
<http://www.wdnweb.com/articles/2004/06/04/news/news01.txt>

August start tipped for Darwin bio-diesel plant
<http://www.abc.net.au/news/newsitems/s1126872.htm>

Portland 'biodiesel' station backed
<http://www.pressherald.com/business/stories/040605biodiesel.shtml>

Biodiesel Introduced to Community
<http://www.khqa.com/news/headlines/812867.html>

Bio-Diesel Comes to Capital City
<http://www.wibw.com/home/headlines/813942.html>

Council considers biodiesel today
<http://www.sanjuanislander.com/town/contracts/biodiesel.shtml>

India News > Trees that yield bio-diesel to run vehicles
<http://news.newkerala.com/india-news/?action=fullnews&id=20604>

Peach State Labs to Produce SOYMET(TM) Biofuels for
Plant Boiler Operations and Diesel Engines
http://biz.yahoo.com/prnews/040602/clw051_1.html

The Potential of Bioenergy is Still Too Often Neglected
http://biz.yahoo.com/prnews/040602/dcw029_1.html

Study: Net Energy Value of Ethanol is Increasing
<http://www.wisconsinagconnection.com/story-national.cfm?id=634&yr=2004>

Technology will find ethanol-suited corn
<http://truthabouttrade.org/article.asp?id=1957>

NCGA Defends Ethanol
<http://www.hpj.com/dtnnewstable.cfm?type=story&sid=11966>

Ladonia Ethanol Plant
<http://www.khqa.com/news/headlines/830182.html>

Beattie urged to pressure Latham on ethanol mandate
<http://www.abc.net.au/goldcoast/news/200406/s1131580.htm>

Cane ethanol not viable, says company
<http://www.abc.net.au/news/newsitems/s1126895.htm>

Technology measures corn's suitability for ethanol
http://www.usatoday.com/tech/news/techinnovations/2004-06-07-corn-calibration_x.htm

Innovative project to combine ethanol, livestock produc-
tion
http://www.theindependent.com/stories/060504/new_ethanol05.shtml

Report Finds Industrial Biotechnology is Sparking a New
and Cleaner Industrial Revolution

<http://www.biobased.org/list2.php?storyid=5901>

Premier hopes conference will dispel ethanol myths
<http://www.abc.net.au/northqld/news/200406/s1124311.htm>

Take a new look at ethanol
<http://www.journalstandard.com/articles/2004/06/04/opinion/op01.txt>

Ethanol projects moving forward
<http://www.idahopress.com/articles/2004/06/03/news/story2.txt>

DEQ appeals again for ethanol waiver
http://www.2theadvocate.com/stories/060304/new_deq001.shtml

The Potential of Bioenergy is Still Too Often Neglected
http://biz.yahoo.com/prnews/040602/dcw029_1.html

First cellulose ethanol demonstration in European vehicles
<http://www.iogen.ca/>

CONTACT INFORMATION

Please find information below for both the IEA Bioenergy contacts and IEA Bioenergy Task 39 contacts. Additional information is available at <http://www.iea.org> and <http://www.ieabioenergy.com>.

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	IEA Task 39 Country Representative
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Austria	✓	✓	✓
Belgium	✓ ✓ Bio-	✓	
Brazil		✓	
Canada	✓	✓	✓
Croatia		✓	
Czech Rep.	✓		
Denmark	✓	✓	✓
European Comm.	✓	✓	✓
Finland	✓	✓	✓
France	✓ Bio-	✓	
Germany	✓		
Greece	✓		
Hungary	✓		
Ireland	✓	✓	✓
Italy	✓	✓	
Japan	✓ Bio-	✓	
Korea	✓		
Luxembourg	✓		
Netherlands	✓	✓	✓
New Zealand	✓ Bio-	✓	
Norway	✓ Bio-	✓	
Portugal	✓		
Spain	✓		
Sweden	✓	✓	✓
Switzerland	✓	✓	
Turkey	✓		
UK	✓	✓	✓
USA	✓	✓	✓
Total	27	20	10