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**LEADING ADVANCED BIOFUEL COMPANIES, RESEARCHERS,
INVESTORS CALL ON AIR RESOURCES BOARD TO RECONSIDER
DRAFT LOW CARBON FUEL REGULATIONS**

**MORE THAN TWO DOZEN COMPANIES SAY REGULATION, AS DRAFTED,
WOULD PARALYZE FUTURE ADVANCED BIOFUELS PRODUCTION**

Sacramento, CA – More than two-dozen leading advanced biofuel companies, joined by some of California’s top researchers and investors, submitted a letter today to the California Air Resources Board (ARB) calling into question ARB’s intent to enforce indirect effects against biofuels, as part of the agency’s *Draft Regulation for the California Low Carbon Fuel Standard (LCFS)* unveiled last week in Sacramento. The Alliance presented the letter at the ARB Board Meeting.

Signed by 25 biofuel company executives and CEOs, leading advanced biofuel investor Vinod Khosla, and top advanced biofuel researcher Dr. Frances H. Arnold, the letter notes that the industry generally supports indirect effects research, including its subset indirect land use change (ILUC), but warns that enforcing indirect effects prematurely or in a piecemeal way would be catastrophic for advanced biofuel development. “There is no model today that comes close to capturing the interplay of economic, institutional, technological, cultural and demographic variables inherent with quantifying the indirect impact of any fuel,” the letter reads.

“The biofuels industry is firm in its commitment to produce sustainable fuels,” said Brooke Coleman, Executive Director of the New Fuels Alliance. “But we are equally adamant that renewable fuels be subjected to the same regulatory standard as other fuels participating in the LCFS. As it stands today, biofuels are held to a higher standard than all other fuels, including oil.”

The Alliance points out that the proposed LCFS regulation would be the first in history to enforce indirect, market-mediated effects against any product in the world, and that to date, the regulation only applies indirect effects against biofuels. “For months ARB has been promising to investigate the indirect, market-mediated effects of other fuel pathways,” added Coleman, “but it hasn’t happened.”

Earlier this year, 27 leading scientists and researchers expressed similar concerns in a letter to ARB, saying, “[a]s researchers and scientists in the field of biomass to biofuel conversion, we are convinced that there simply is not enough hard empirical data to base any sound policy regulation in regards to the indirect impacts of renewable biofuels production. The field is relative new, especially when compared to the vast knowledgebase present in fossil fuel production, and the limited analyses are driven by assumptions that sometimes lack robust empirical validation.”

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New Fuels Alliance Press Release, Page 2

The New Fuels Alliance emphasized that there are two distinct categorical problems with the draft regulation: (1) the public policy decision to enforce indirect effects of any kind is unprecedented, was not ordered by the Governor or the Legislature, and has not been publicly vetted; and, (2) the science of “indirect land use change” is extremely imprecise, and is therefore unreasonably dependent on the assumptions made by ARB staff. “It is misleading to suggest that the decision to include indirect effects in the LCFS is a scientific one,” the group says. “It’s a public policy decision. But the science itself is suspect as well.”

Proponents of including indirect land use change in the LCFS insist that indirect land use change impacts exist, and therefore must be included. But the New Fuels Alliance letter directly questions this rationale. “While it is likely true that zero is not the right number for the indirect effects of any product in the real world, enforcing indirect effects in a piecemeal way could have very serious consequences for the LCFS,” the companies state in the letter. “For example, zero is also not the right number for the indirect impact of producing a gallon of petroleum, using more electricity from coal and natural gas, producing advanced batteries and hybrid vehicles, or commercializing fuel cell technology. Yet, to date, ARB has not devoted any significant LCFS rulemaking resources to investigating the indirect effects of other fuels. If ARB is to enforce indirect, market-mediated effects, they must be enforced against all fuel pathways.”

“We have a very difficult situation emerging here,” Coleman says, “in which the author of the GREET model on which the LCFS is based – Dr. Michael Wang – says that today’s biofuels are not causing indirect land use change in other countries, while ARB staff is proposing to penalize today’s and tomorrow’s biofuels for indirect land use change in other countries. And while we debate who’s right, we are nowhere with regard to analyzing and discussing the indirect effect of other fuel pathways.”

“We are not even close to understanding the indirect effects of all these fuels, indirect land use change included, well enough for a regulation to assign a carbon score to a single gallon of fuel,” added Duncan McFetridge, spokesman for the California Renewable Fuels Partnership, which is affiliated with the New Fuels Alliance. “The GTAP model being used by ARB was not designed or peer-reviewed for this type of work.” The New Fuels Alliance believes that the right policy outcome is to enforce the LCFS based on direct impacts, including direct land use change, and set deadlines for investigating the various indirect impacts of the multiple fuel pathways.

“It is very difficult to buy into the hysteria that biofuels are today causing Brazilian rainforest deforestation when exports of corn and soybeans have not dropped in recent years and the prices of these commodities track up and down with oil prices not biofuel demand,” Coleman added. “So before any of this starts happening in the real world let’s take the time to get it right, for all fuels.”

“The regulatory actions in California are critical not just because of the size of the state’s fuel market and the ongoing need for affordable motor fuel, but because many other states and regions in the country are looking to California for leadership on this issue,” said McFetridge. “For ARB to pick winners and losers, by virtue of holding certain fuels to tougher standards, goes against the very intent of the LCFS.”

**For additional information, including copies of the letters cited, please visit
www.NewFuelsAlliance.org or call 857.719.9766**

The New Fuels Alliance (NEFA) is a national organization dedicated to educating business leaders, state regulators, grant makers, media outlets, existing advocacy and public interest groups, and the general public about the economic and environmental benefits of non-petroleum fuel production and use. Two regional affiliates are organized under the NEFA umbrella: the Northeast Biofuels Collaborative and the California Renewable Fuels Partnership.

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