

CALIFORNIA ENERGY COMMISSION
OFFICE OF THE COMMISSIONERS
1516 NINTH STREET
SACRAMENTO, CA 95814-5512



December 8, 2009

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Subject: Co-Sponsorship of S. 870 (Lincoln) - Tax Credit Extension for Biomass Energy

Dear Senator Feinstein:

Federal tax incentives for renewable energy are critical if California and the nation are going to develop renewable energy and reduce greenhouse gases. As a result, we are writing to ask for your co-sponsorship of S. 870 legislation by Senator Blanche Lincoln (D-AR) to extend the renewable energy tax credit for the production and third party sale of electricity from open-loop biomass facilities. The bill also expands the tax credit to include electricity produced from biomass for onsite purposes. The tax credit expires December 31, 2009.

Development of biomass as an energy source is very important to the State of California. The State, through Governor Schwarzenegger's Executive Order S-06-06, calls for meeting a 20 percent target for biomass within its established state goals for renewable generation for 2010 and 2020. According to a 2007 assessment of biomass resources in California, the gross potential of agricultural and forestry waste could generate as much as 2,800 MW of the projected statewide peak power capacity.

California's greatest biomass potential for electricity comes from targeting waste materials, not raw materials, for new electricity generation in 2020. Using biomass for energy production can divert a significant amount of wood waste and other organic materials from landfills, thereby reducing methane generation at landfills which are a significant source of greenhouse gas emissions, help improve forest health, and help to offset the costs of managing waste materials for California's farmers. Development of this resource is critical if California is going to generate 33 percent of our electricity from renewable energy by the year 2020. Biomass provides dependable baseload capacity making this technology essential to California's portfolio of renewables.

Meeting these targets will be challenging. In the draft December 2009 Energy Commission's "Integrated Energy Policy Report," electricity generated from biomass from all sources has actually decreased since 2002 from 6,192 megawatts to 5,724 megawatts.

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We urge your assistance with passage of S 870 with its five year extension of the "Section 45" biomass tax credit, and for the expansion of the credit for on-site use of biomass energy. This tax credit is essential to this industry's viability and whether biomass waste products can become an even more important source of clean energy in the state and the nation.

Thank you for your consideration of this important California energy issue.

Sincerely,



KAREN DOUGLAS
Chairman



JAMES D. BOYD
Vice Chair

cc: The Honorable Blanche Lincoln
United States Senate
Dirksen Senate Office Building, Room 355
Washington, DC 20510