Developing State Policies Supportive of Bioenergy Development

Technical Progress Report
July 1, 2001 through September 30, 2001

Submitted on October 31, 2001

Submitted to the U.S. Department of Energy
National Energy Technology Laboratory
Pittsburgh, Pennsylvania
Cooperative Agreement Instrument No. DE-FC26-01NT41128

Submitted by
Kathryn Baskin
Southern States Energy Board
6325 Amherst Court
Norcross, Georgia 30092

Disclaimer

“This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.”

Abstract

Working within the context of the Southern States Biobased Alliance (SSBA) and with officials in each state, the Southern States Energy Board (SSEB) is identifying bioenergy-related policies and programs within each state to determine their impact on the development, deployment or use of bioenergy. In addition, SSEB will determine which policies have impacted industry's efforts to develop, deploy or use biobased technologies or products. As a result, SSEB will work with the Southern States Biobased Alliance to determine how policy changes might address any negative impacts or enhance positive impacts.

Table of Contents

Disclaimer	3
Abstract	4
Introduction.....	7
Executive Summary	
Goal.....	8
Statement of Work	8
Experimental.....	10
Results and Discussion	10
Conclusion	11
References	12
Appendices	
Southern States Biobased Alliance Strategic Plan.....	15
Southern States Biobased Alliance Roster.....	21
Final Agenda for Alliance Meeting	25

Introduction

The federal mission for President Clinton's Executive Order on Developing and Promoting Bio based Products and Bioenergy reads: "To accelerate the creation and early adoption of technologies needed to make biobased products and bioenergy cost-competitive in national and international markets while promoting the efficient use of our renewable natural resources and protecting the environment." Goals in the draft biobased strategic plan address the need to remove barriers and provide incentives, and include suggested policy formulations to "...facilitate enactment of legislation at state levels synergistic with the national goals for biobased products and bioenergy."

This project addresses the need to develop state policies that are supportive of the development, deployment, and use of biobased technologies and products.

Over its lifetime, the Regional Biomass Energy Program has developed close linkages with state energy offices and other state agencies. State officials are key bioenergy stakeholders; especially since elected officials set policies within their states, have power over programs, and control appropriations that can positively or negatively impact the development, deployment, and use of bioenergy. However, career state officials are influential too as they carry out state programs and policies, and provide continuity across changing administrations. State governments are also important, as the federal government cannot, by itself, attain the potential of the region without the cooperation and assistance of the states. It is therefore essential for state officials to understand the benefits of bioenergy and the impact state policies have on bioenergy, and that these policies be supportive.

The Southern States Energy Board is an interstate compact that includes 16 southeastern states and Puerto Rico and the US Virgin Islands. One of the Southern States Energy Board's goals over its 40-year life is to "...develop, promote, and recommend policies and programs on energy, environment, and economics that encourage sustainable development." One way that the Southern States Energy Board accomplishes this goal is to establish task forces comprised of members from its states, the private sector, non-profits, and others. The Southern States Energy Board, which is also the host for the Southeastern Regional Biomass Energy Program, is currently in the progress of setting up a biobased task force, which has been named the Southern States Bio-Based Alliance.

Initially, activities of the Southern States Bio-Based Alliance will be focused on creating awareness, and providing information and education to get its members up to speed and to the same level of knowledge. Once the members of the Southern States Bio-Based Alliance have an appropriate appreciation for bio-based products and bioenergy, one of the first activities of the group will be to review and, if necessary, make recommendations for modifying or adding to their existing policies to make them supportive of bioenergy development, deployment, and use. The Southern States Bio-Based Alliance will also provide a forum for discussing and developing additional bioenergy-related policies when the need arises in the future.

Although not targeted at local government officials, this activity will also impact policies at the local level since local officials frequently follow the lead of their state government in setting local policy.

Goal

The goal of this project is to have state policies within the SSEB region (and nation) that, to the extent possible, positively impact the development, deployment, or use of bioenergy and are consistent among states.

Statement of work

Working within the context of the Southern States Bio-Based Alliance and with officials in each state, a staff member and/or contractor will identify bioenergy-related policies and programs within each state and determine their impact (in any way) on the development, deployment, or use of bioenergy. The staff member and/or contractor will be asked to determine as quantitatively as possible how this impact occurs, and how the legislation originally came to be promulgated.

Additionally and simultaneously, the staff member and/or contractor will be interviewing bio-based industry officials to determine what policies (or lack of policies) have impacted their efforts to develop, deploy, or use biobased technologies or products. The staff member and/or contractor will also try to determine the nature of these impacts and how policy changes might address any negative impacts or increase positive impacts.

These policies may involve the following aspects or other aspects:

- Financial and other incentives for technology development, testing, demonstration, deployment, and/or use;
- Permitting and licensing processes related to construction of new facilities, modification of existing facilities, and/or use of new products;
- Regulations pertaining to land use and siting (e.g., zoning, height restrictions) of bioenergy facilities; or running utilities to bioenergy facilities;
- Environmental regulations including air and water quality protection related to bioenergy facilities or the production of biomass crops; wildlife management, development of new agricultural and forestry crops, testing new technologies;
- Resources for relevant state agencies and programs including staffing qualifications and needs;
- Policies pertaining to state procurement, specification, bidding, and purchasing requirements to design, finance, and/or build new or modify existing state facilities;
- Policies pertaining to state procurement, specification, bidding, purchasing, and/or use requirements for biomass fuels or bio-based products;
- State educational policies;
- Technical assistance;
- Solid waste management and recycling programs;
- Economic development and industry recruitment;

- Agricultural and forestry production;
- Transportation of biomass feedstocks and bio-based products;
- Taxes including investment, corporate, road use, etc.
- Project financing;
- Utility deregulation including power sales to others, stranded costs, electricity pricing; renewable portfolio standards, and wheeling policies;
- Health and safety;
- Purchase of alternative fuel vehicles and installation of refueling stations.

Once the policies are identified and analyzed for impact, SSEB will host a series of meetings of the Alliance to:

- Share the findings with other states using an interactive meeting forum
- For policies that provide negative impacts, the state representatives will be asked to determine how to *change* their state policies to provide positive impacts based on discussions of successes in other states.
- Also based on successes in other states and the ensuing discussion, the state representatives will determine if they need to *add new* policies in their states. The group will be asked to draft model legislation to fulfill these needs that can be taken back and implemented within their respective states.

Due to the wide range of policies and to keep each meeting manageable, policies that are more closely allied will be lumped together for discussion and meeting purposes. This approach will also make it easier to get officials from the appropriate state agencies to attend the meetings, since they will know that a particular meeting will deal with the topics that are relevant to them.

In addition to attaining the project goal, this project approach will facilitate information sharing and education on state policies and their ramifications, create peer pressure, and ultimately provide more uniform regulations across the region that are supportive of bioenergy development, deployment, and use.

Experimental

Due to the nature of the project, no experimental methods, materials or equipment are necessary.

Results and Discussion

The inaugural meeting of the Southern States Biobased Alliance was held July 12-13, 2001, in Charleston, South Carolina. The forum proved successful in building a foundation to organize the Alliance and collaborate on developing a regional strategy for a stronger biobased economy. The members developed a strategic plan to facilitate the development, deployment and use of biobased technologies and products in our region. Specific goals were identified during the meeting which include:

- fostering communication, coordination and collaboration among members to enhance development of a biobased initiative.
- identifying strategies that will stimulate markets for biobased products and technologies.
- recommending policies and programs that will foster development of a biobased industry in the region.
- advancing research, development and demonstration of biobased technologies and promote the use of those technologies.

Alliance leadership was elected, including co-chairs Representative Charles Sharpe of South Carolina and Mr. Brian C. Griffin, Secretary of Environment for the State of Oklahoma. Additionally, Representative Roger Thomas of Kentucky and Mr. Fred Allen, Director of the Georgia Forestry Commission, were elected vice co-chairs. Two committees were organized in the categories of **policy, legislation and regulation** and **technology and resources**. The vice co-chairs will serve as the leads for the committees.

The first day of the meeting consisted of a number of presentations specific to the southern states and bioenergy. Governor Jim Hodges, South Carolina, serves as Chairman of the Southern States Energy Board. In his keynote address, he emphasized the potential benefits for rural economies of utilizing bioenergy and biomass resources.

Mr. Chris Schepis represented the National Farmers Union sector. He presented an overview of the current agricultural situation in the SSEB region and how the Alliance can impact the future of farming in the South. In conjunction with the outlook for the agricultural sector, Mr. Fred Allen, Director of the Georgia Forestry Commission explained the uniqueness of forestry in the southern states and the potential for bioenergy as a component of forest resource management.

Following the agricultural and forestry outlooks, Mr. Bud Sholts representing the New Uses Council defined the role and vision of the bioenergy and bio-based industries for the Alliance. Mr. R. James Woolsey, former Director of Central Intelligence and currently with Shea and Gardner, expounded on energy security and the importance of the National Bioenergy Initiative for America.

Following lunch, Ms. Janet Cushman, Program Manager of the Biomass Feedstock Development Program at Oak Ridge National Laboratory reviewed the types, characteristics and quantities of biomass currently used in the SSEB region. She also provided an assessment of future biomass resources and the current and potential economic impacts of their use.

The final presentation was given by Mr. Phillip Badger, Technical Manager of the Southeastern Regional Biomass Energy Program (SERBEP) and President of General Bioenergy, Inc. Mr. Badger described the types and locations of current bioenergy facilities in the SSEB region and their economic impact. As part of his presentation, Mr. Badger included a review of future technologies and their applicability to the SSEB region.

Conclusion

Alliance members expressed their keen interest in furthering bioenergy activities within their individual states. The top priority for all states was to develop strategies and seek solutions to boost rural economies. Members also expressed the need to enhance outreach and education efforts. The members are diverse in experience ranging from finance, farming, agriculture, regulatory and technical backgrounds. Because of the diversity, the Alliance's policy and program recommendations will represent a cross-cutting perspective and a holistic approach.

To support the Alliance's policy and program recommendations and to develop model legislation, SSEB is assessing current policies and recommendations that support the use of bioenergy and bioproducts. Although the Alliance discussed the impacts of existing policies, SSEB will interview industry representatives in order to broaden the policy assessment. This information will create a comprehensive reference for future policy decisions.

References

No references were used for this report.

Appendices

Southern States Biobased Alliance Strategic Plan

Southern States Biobased Alliance Roster

Southern States Biobased Alliance Meeting Agenda, July 12-13, 2002, Charleston, SC

Southern States Biobased Alliance

Strategic Plan

July 2001

Southern States Energy Board
Southern States Biobased Alliance
6325 Amherst Court
Norcross, Georgia 30092
Phone: (770) 242-7712
Fax I: (770) 242-0421; Fax II: (770) 242-9956
sseb@sseb.org
www.sseb.org

Mission Statement

The Southern States Biobased Alliance will provide leadership to the Southern States Energy Board and its member states for developing policies and strategies that will foster a biobased industry and boost rural economies in the southern states.

Organization, Membership and Structure

The Southern States Energy Board has formed a Southern States Biobased Alliance to function in an advisory capacity to address the development of biobased products and bioenergy within the region. The Alliance shall be known as the Southern States Biobased Alliance (“Alliance”). The Alliance may recommend consensus policy and program recommendations for consideration by the Southern States Energy Board (SSEB).

The Alliance members are state gubernatorial appointees and state legislators representing SSEB member states and who are active in energy, environment and agriculture issues. Alliance appointees serve at the pleasure of their respective governors.

The Southern States Biobased Alliance shall elect co-chairs and vice co-chairs that will be gubernatorial appointees from a member state. One co-chair will be a state agency official and one co-chair will be a state legislator. The gubernatorial appointees will elect the Alliance co-chairs and vice co-chairs.

Committees will be formed as needed by the Alliance to address specific issues relating to the development of biobased products and bioenergy in the region. The Alliance co-chairs will appoint committee chair/co-chairs who are gubernatorial appointees to the Alliance. Invitations to serve on the committees will be directed by the committee chair/co-chairs. Committee membership is based on appropriate representation to formulate draft policy and program recommendations for consensus of the Alliance. The committee may solicit input from appropriate stakeholders at the discretion of the committee chair/co-chairs and the Alliance co-chairs. Committees will convene as needed to accomplish its goals.

The executive director of the Southern States Energy Board is responsible for providing staff for the Alliance. The executive director of the Southern States Energy Board will make all final decisions concerning staff as well as

technical, legal and other consulting needs in accordance with the SSEB by-laws.

The Southern States Energy Board will provide administrative management support as well as other administrative services including office space, office equipment and services. Financial management and accountability will comply with the by-laws of the Southern States Energy Board.

Goals

- Provide regional leadership to the Southern States Energy Board and to member states through Alliance meetings and activities that will foster communication, coordination and collaboration among members to enhance development of a biobased initiative.
 - Encourage each member state to be a supportive, active partner in the Alliance.
 - Conduct regular and timely meetings to strengthen communication, plan activities and share information on state activities.
 - Implement appropriate activities related to the strategic plan and conduct activities as needed to fulfill the Alliance's mission and goals.
- Provide regional leadership to the Southern States Energy Board and member states by identifying strategies that will stimulate markets for biobased products and technologies.
 - Develop recommendations for incentives to stimulate biobased markets to boost rural economies.
 - Identify information needs and develop educational materials.
 - Develop a public information program including press releases, publications and media events.
 - Conduct conferences, workshops and training on biobased products and technologies.
 - Collaborate with academia and other appropriate organizations to develop educational materials at the primary, secondary and collegiate institutions.
 - Provide electronic access to information, public forums and appropriate links to facilitate information transfer on biobased products and bioenergy.

- Provide regional leadership to the Southern States Energy Board and to member states by recommending policies and programs that will foster development of a biobased industry in the region.
 - Organize task forces and/or focus area working groups and implement other approaches to address specific issues for policy and program recommendations.
 - Involve appropriate stakeholders in task forces to develop recommendations on policies and programs to the Board.
 - Build collaboration among member states to evaluate current laws, regulations, practices and financial incentives related to broadening a biobased industry.
 - Facilitate collaboration between industry, ADA and government.

- Provide regional leadership to the Southern States Energy Board and to member states to advance research, development and demonstration of biobased technologies and promote the use of those technologies.
 - Conduct an annual regional biobased technology conference.
 - Organize “field days” for policy makers to visit energy crop and technology demonstration sites.
 - Facilitate partnerships and collaborations among all stakeholders in developing, demonstrating and using biobased technologies.
 - Conduct federal and state regulatory workshops in partnership with industry to assess deployment challenges for biobased technologies.
 - Encourage states to organize interagency councils/task forces to foster communication, cooperation and coordination among various state agencies and other appropriate stakeholders.

Meetings

The Alliance and its committees will convene as needed to accomplish its goals. These meetings may be held in conjunction with the Southern States Energy Board annual meeting and in conjunction with the SSEB executive committee if appropriate.

Principals of Operation

Any recommended policy developed by a committee will be presented to the gubernatorial appointees for consensus action. If the committee cannot reach consensus or if substantive recommendations are made for changes in

policy or any other recommendations, the gubernatorial appointees of the Alliance will determine if further action is necessary from the committee for review and consensus.

The gubernatorial appointees of the Alliance will review all recommended policies and programs developed by the committees to form consensus for recommendation of such policy and/or programs to the Southern States Energy Board. Any substantive changes or revisions recommended to the SSEB will be reviewed by the Alliance. If consensus cannot be reached by the Alliance, the recommended policy may be submitted to SSEB stating majority and minority positions.

Upon approval by the Southern States Energy Board, consensus policy may be submitted to the U.S. Congress, federal agencies, regional organizations, state officials and other appropriate organizations and parties.

Alabama

Senator Zeb P. Little, Chairman
Agriculture and Forestry Committee and
Chairman, Commerce, Transportation, and Utilities Committee

Mr. Norman B. Davis, Jr.
Director, Alabama Department of Economics and
Community Affairs

Arkansas

Senator Doyle Webb, Chairman
Joint Energy Committee

Mr. Daryl Bassett
Office of the Governor

Florida

(vacant)

Georgia

Representative Johnny Floyd, Vice-chairman
Agriculture & Consumer Affairs Committee

Georgia

Mr. Fred Allen, Director
Georgia Forestry Commission

Kentucky

Representative Roger Thomas, Chairman
Agriculture and Small Business Committee

Dr. Ed Ford, Deputy Secretary
Governor's Executive Cabinet

Louisiana

Representative Wilfred Pierre, Chairman
Natural Resources Committee

Maryland

Mr. Frederick Hoover, Director
Maryland Energy Administration

Mississippi

Representative Tyrone Ellis, Chairman
Public Utilities Committee

Mr. Michael Callahan, Commissioner
Mississippi Public Service Commission

Missouri

Ms. Anita Randolph, Director
Division of Energy

North Carolina

Representative Joe Tolson, Chairman
Science and Technology Committee

Mr. Larry Shirley, Director
State Energy Office
Department of Administration

Oklahoma

Honorable Brian C. Griffin
Secretary of Environment

Puerto Rico

(vacant)

South Carolina

Representative Charles Sharpe, Chairman
Agriculture, Natural Resources &
Environmental Affairs Committee

Ms. Patricia A. Tangney, Program Coordinator
South Carolina State Energy Office

Tennessee

Ms. Cynthia Oliphant, Director
Energy Division
Department of Economic & Community Development

Senator Ron Ramsey, Chairman
Environment and Conservation and Tourism Committee

Texas

Ms. Susan Combs, Commissioner
Texas Department of Agriculture

Representative David Swinford, Chairman
Agriculture and Livestock Committee

U.S. Virgin Islands

(vacant)

Virginia

Mr. Joshua Lief
Deputy Secretary of Commerce and Trade

Senator John Watkins, Member
Agriculture, Conservation and Natural Resources Committee

West Virginia

Honorable William Sharpe
Senate President Pro Tempore and
Chairman, Energy, Industry and Mining Committee

Mr. Patrick Esposito, Chairman
WV Governor's Energy Task Force
And Senior Energy Advisor to the Governor

Southern States Energy Board

Southern Biobased Alliance Meeting

Westin Francis Marion Hotel

Charleston, South Carolina

July 12-13, 2001

AGENDA

Thursday - July 12, 2001

9:00 a.m. WELCOME AND BRIEF REVIEW OF ALLIANCE GOALS AND PURPOSE OF MEETING

John Clark

Senior Director of External Relations
Office of the Governor
South Carolina

Kenneth Nemeth

Executive Director
Southern States Energy Board

9:15 a.m. THE SOUTHERN STATES ENERGY STRATEGY AND VISION FOR THE ALLIANCE

Governor Jim Hodges, South Carolina

Chairman, Southern States Energy Board

**9:45 a.m. The Vision of the National Bio-based Products and Bioenergy Initiative:
The Federal Role**

Moderator:

James Powell, Director

U.S. Department of Energy
Atlanta Regional Office

The Honorable Spencer Abraham (invited)

Secretary of the U.S. Department of Energy

The Honorable Ann M. Veneman (invited)

Secretary of the U.S. Department of Agriculture

10:45 a.m. Break

11:00 a.m. The Agricultural Sector Role

**The current agricultural situation in the SSEB region and farmers' vision
for the Alliance**

Leland Swenson, President

National Farmers Union

Southern States Biobased Alliance

Preliminary Agenda

July 12-13, 2001

Page two

11:20 a.m. *The Forestry Sector Role*

The current forestry situation in the SSEB region and industry's vision for the Alliance

Fred Allen, Director
Georgia Forestry Commission

11:40 a.m. **The Industry Role**
The role and vision of the bioenergy and bio-based industries for the Alliance

Bud Sholts, Chair

The New Uses Council

12:00 noon **Luncheon Keynote Address:**

Energy Security and the Importance of the National Bioenergy Initiative for America

R. James Woolsey, former Director of Central Intelligence
Shea and Gardner

1:30 p.m. **The Situation and Opportunity in the South**
Current and Potential Biomass Resources in the South
A review of the types, characteristics (e.g., woody, perennial, drought resistant), and quantities of biomass currently used and potentially available in the SSEB region and current and potential economic impacts of the use.

Janet Cushman
Program Manager, Biomass Feedstock Development Program
Oak Ridge National Laboratory

2:15 p.m. **Current and Potential Bioenergy Use in the South**
A review of the types, locations, and numbers of current bioenergy facilities in the SSEB region and their economic impact. A review of future technologies and their applicability to the region will also be covered.

Phillip Badger
Technical Manager, Southeastern Regional Bioenergy Program
General Bioenergy, Inc.

3:00 p.m. **Break**

3:20 p.m. **State Roundtable**

*Discussion of past and current state bioenergy and bio-based initiatives by
Alliance members*

4:45 p.m. Public Comment

5:00 p.m. Adjourn

Friday - July 13, 2001 Formalizing the Alliance

8:30 a.m. Review and Discussion of Draft Alliance Strategic Plan

10:30 a.m. Discussion on the Structure and Administration of the Alliance

12:00 noon Lunch

1:00 p.m. Discussion of Next Steps and Formulation of a Workplan for the Alliance

2:30 p.m. Public Comment

3:00 p.m. Adjourn