

Ohio Biomass Energy Program

Promoting the development of renewable energy resources in Ohio, including wood and agricultural residues; ethanol and biodiesel biofuels; landfill gas to energy; and energy crops.

Gov. Taft Announces Alternative Fuel Initiative

The Ohio Department of Transportation (ODOT) will increase the amount of alternative fuels used in fleet vehicles as part of an initiative announced by Gov. Bob Taft in September at the annual Farm Science Review. The executive order issued by the governor will require ODOT to use at least 1 million gallons of biodiesel fuel and 30,000 gallons of ethanol annually. ODOT must also purchase new vehicles that can use both unleaded fuel and ethanol.

This program is a continuation of a successful pilot program, which Gov. Taft began in 1999 for ODOT to purchase \$1 million in alternative fuels. ODOT has used 1.2 million gallons of biodiesel fuel since the pilot program began. This has exceeded the goal of purchasing \$1 million in alternative fuels, with a total fuel purchase of approximately \$1.6 million.

ODOT also installed an ethanol tank in Columbus to provide fuel for sedans and small cars as part of the pilot program, and purchased flex-fuel vehicles that can run on either traditional gasoline or blends with high levels of ethanol. Currently, ODOT owns 193 flex-fuel vehicles, and

The governor will require ODOT to use at least 1 million gallons of biodiesel fuel and 30,000 gallons of ethanol annually

all new sedans purchased must be able to run on ethanol blends of gasoline. As part of the governor's initiative, ODOT plans to include adding an ethanol tank for each new district office constructed in the future.



The governor's alternative fuel initiative will increase the amount of alternative fuel used in ODOT vehicles.

Recent technology improvements as well as the rising price of traditional gasoline have made the cost of alternative fuels increasingly competitive and cost-effective. The Ohio Biomass Energy Program applauds ODOT for its leadership in promoting the use of alternative fuels.

The Ohio Biomass Energy Program

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Gov. Taft announced his alternative fuel initiative at the annual Farm Science Review in London, Ohio. Information from the Ohio Biomass Energy Program was distributed at the booth hosted by the Public Utilities Commission of Ohio. (Photo courtesy of Jodi Miller, OSU Photo)

Incentive Program to Increase Retail Availability of Renewable Fuels

As the price of petroleum fuel has risen sharply, there has been increasing discussion about the benefits of renewable fuels. Still, the challenge remains of making renewable fuel available in retail gas stations. The Ohio Biofuels Capital Incentive Program (OBCIP) is a new program helping to bring ethanol and biodiesel to retail fuel stations throughout the state. The OBCIP will put \$135,000 toward making renewable fuels more available at retail gas stations, and individual fuel marketers can apply for up to \$15,000 in funding.

Fuel marketers planning facilities for E85, a blend of 85 percent ethanol and 15 percent unleaded gasoline, are eligible to receive up to \$5,000 in funds from OBCIP, with additional funding available from the National Ethanol Vehicle Coalition and the Ohio Corn Marketing Program. The funds can be used by E85 facilities to cover the costs of converting fuel dispensing equipment and conducting marketing efforts.

Currently there are two commercial E85 pumps in Ohio, including Speedway at 3760 Main Street, Hilliard, and Sterling Convenience Store at 1444 W. Alexis Road, Toledo.

For marketers planning facilities for B20, a blend of 20 percent biodiesel and 80 percent petroleum diesel, up to \$15,000 in funds are available from the OBCIP with additional funding available from the Ohio Soybean Council. B20 facilities can use the funds to cover the costs of new equipment, marketing efforts, and a portion of the additional cost associated with B20 fuel.

To qualify for OBCIP funds, fuel retailers must commit to sell B20 or E85 at their retail facility for at least two years, post visible signs advertising the availability and price of the renewable fuel, and have equipment to store and dispense the fuel.

The OBCIP was created by the Ohio General Assembly in the state budget approved in June 2005. The Central Ohio Clean Fuels Coalition (COCFC), in partnership with the Ohio Soybean Council and the Ohio Corn Marketing Program, has been selected by the state of Ohio to implement the program. For more information or to print an application form, please visit www.cocfc.org.

Alternative Fuel Incentives Bill Passed in Ohio House

A bill providing for alternative fuel incentives passed in the Ohio House of Representatives on Oct. 5. House Bill 245 (HB 245), sponsored by Rep. Steve Reinhard (R-Bucyrus), passed unanimously.

If signed into law, HB 245 will provide for many initiatives to increase the use of alternative fuels, including:

- ◆ Requiring half of the motor vehicles purchased by state agencies to be capable of running on alternative fuels
- ◆ Requiring that state agencies procuring vehicles give preference to qualified bidders supplying vehicles that use Ohio corn-based ethanol and Ohio soybean-based biodiesel fuel
- ◆ Establishing a grant program for the purchase and installation of alternative fuel facilities and the purchase of ethanol and biodiesel
- ◆ Authorizing school districts to receive a subsidy from the Department of Education for the purchase of biodiesel for school buses
- ◆ Requiring part of the Department of Transportation fleet that uses diesel fuel to switch to biodiesel

The bill will now go to the Ohio Senate for consideration. For more information about the alternative fuel legislation or to track its progress, visit the Ohio General Assembly Web site at www.legislature.state.oh.us.



EPAct Tax Credit Chart Available

The Northeast Regional Biomass Energy Program (NRBP) has developed a chart of the renewable electricity production tax credits contained in the Energy Policy Act of 2005 (EPAct). The Act was signed in to law by President George W. Bush on Aug. 8, 2005. A copy of the tax credit chart is inserted in this issue of our newsletter.

The Act also contains numerous provisions to help increase the use of bioenergy technologies across the U.S., including research and demonstration programs and requirements for the use of biobased fuels, power, and products.

A copy of the Conference Report for the Act is available at the U.S. Senate Committee of Energy and Natural Resources Web site at www.energy.senate.gov.

For additional information, please contact the NRBP at www.nrbp.org.

Two Ohio Projects Approved for USDA Renewable Energy and Efficiency Funding

Two Ohio projects were approved to receive funding under the United States Department of Agriculture (USDA) Renewable Energy Systems and Energy Efficiency Improvements Program, according to the USDA Rural Development office in Columbus. This nationwide program was created in 2002 as part of the federal Farm Bill to assist farmers and rural small businesses in developing renewable energy systems, and in making energy-efficient improvements to their operations.

The agency approved a grant of \$500,000 for Bridgewater Dairy, LLC in Williams County to assist in the installation of an anaerobic digester for the 3,900 head dairy operation in Northwest Ohio. The power produced from the installed digester will be used to provide electricity for the farm operations, with the excess power sold to Buckeye Power Cooperative. This could be Ohio's first on-farm anaerobic digester.

Ohio Projects Receiving USDA Grants

Anaerobic digester
Bridgewater Dairy, LLC,
Williams County – \$500,000



Grain dryer and heat recovery system
Snyder's Grain, Carroll County – \$12,415

A second grant of \$12,415 was approved for Snyder's Grain in Carroll County. The project will allow Snyder's Grain to replace the existing grain dryer and install a heat recovery system which will improve the efficiency of the grain drying system by 33 percent. The expected payback period for this equipment purchase is 10 years.

For additional information about the USDA grant program, please visit www.rurdev.usda.gov/rbs/farmbill. Congratulations to these Ohio grant recipients!

Biofuels Event to be held Nov. 1 in Clermont County

The Tri-State Clean Fuels Network (TSCFN) will host the "Life Cycle of Biofuels" event on Tuesday, Nov. 1, at 8:30 a.m. The event will be held in the 4-H Hall at the Clermont County Fairgrounds in Owensville, Ohio.

The meeting will include presentations about the production of renewable biofuels ethanol and biodiesel, as well as gasoline/electric hybrid vehicle technology. Sponsored by General Motors (GM), the event will conclude with a truck demonstration and the opportunity for attendees to drive the new GM flexible fuel and hybrid vehicles and showcase the vehicle performance.

Additional sponsors include the Ohio Soybean Council, Ohio Corn Growers Association, The Ohio State University Extension, and the TSCFN. The registration fee is \$5.00 for TSCFN members and \$10.00 for non-TSCFN members, and is due by Oct. 25.

To register contact:

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For additional information, contact:

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Contact the Ohio Biomass Energy Program

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Receive the latest Ohio biomass news by e-mail by signing up for the listserv through the Ohio Biomass Energy Program section of www.PUCO.ohio.gov.

Save the Date: Biomass Conferences

Ohio Farmland Preservation Summit

Nov. 10, 2005

Reynoldsburg, Ohio

Sponsored by the Ohio Department of Agriculture

New techniques to make Ohio farms more economically viable will be discussed at this summit, co-sponsored by the American Farmland Trust (AFT) and the Ohio State University's Swank Program. For more information and to register, visit www.farmland.org/cgl/ohio_fpp_summit.htm.

National Biodiesel Conference & Expo 2006

February 5-8, 2006

San Diego, California

Sponsored by the National Biodiesel Board

This conference will feature experts in the biodiesel field in 40 educational sessions covering industry issues such as fuel quality standards and legislative updates. The exhibitor program will also showcase the latest technology and available products. For more information visit www.biodieselconference.org.



National Ethanol Conference:

Policy & Marketing

February 20-22, 2006

Las Vegas, Nevada

Sponsored by the Renewable Fuels Association

"From Niche to Nation" is the theme of the 11th annual National Ethanol Conference. This conference is an opportunity to network with more than 1,000 industry leaders and learn about the future of ethanol. Visit www.ethanolrfa.org for more information.



International Fuel Ethanol Workshop & Expo

June 20-23, 2006

Milwaukee, Wisconsin

Sponsored by BBI International

Producers, consultants, energy managers, and associations will meet at the 22nd International Fuel Ethanol Workshop to discuss new business developments and upcoming trends in the ethanol industry. For more information, visit www.fuelethanolworkshop.com.



Remember to check the Ohio Biomass Energy Program Web site at www.PUCO.ohio.gov for the latest news about upcoming biomass events, conferences, and workshops.

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ADDRESS CORRECTION REQUESTED



**Renewable Electricity Production Tax Credit*
Energy Policy Act of 2005**

Qualifying Resource**	Placed in Service Date	Amount of Credit indexed for inflation***	Credit Period	Modification from Previous Law
Hydroelectric Power	August 8, 2005 through January 1, 2008	0.75 cents per kWh	10 years beginning on date efficiency improvements or additions to capacity are placed in service	New Provision
Indian Coal	August 8, 2005 through January 1, 2009	\$1.50 per ton for years 2006 through 2009; \$2.00 after 2009	7 years beginning on January 1, 2006	New Provision
Closed-loop Biomass	December 31, 1992 through January 1, 2008	1.5 cents per kWh	10 years after the placed in service date	Placed in service date extended 2 years
Closed-loop biomass modified to co-fire with coal and/or biomass	Placed in service and modified to co-fire with coal and/or biomass before January 1, 2008	1.5 cents per kWh multiplied by the ratio of the thermal content of the closed-loop biomass to the thermal content of all fuels used in the facility	10 years after the placed in service date but beginning no earlier than October 22, 2004	Placed in service date extended 2 years
Open-loop Biomass	Before January 1, 2008	.75 cents per kWh	10 years if placed in service after August 8, 2005 If Before: 5 years beginning on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10; now includes nonhazardous lignin waste material
Open-loop Biomass using agricultural livestock waste nutrients	October 22, 2004 through January 1, 2008 (nameplate capacity of at least 150kW)	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years
Poultry Waste	December 31, 2003 through January 8, 2008	1.5 cents per kWh; .75 cents per kWh if placed in service after January 1, 2005	10 years if placed in service from October 22, 2004 to January 1, 2005 or after August 8, 2005; 5 years if placed in service from January 1, 2005 to August 8, 2005	Placed in service date extended 2 years; Modified credit period
Municipal Solid Waste (landfill gas facilities and trash combustion facilities)	October 22, 2004 through January 1, 2008; including new trash combustion units placed on existing facilities	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10; Credit applies to new units placed in service in connection with existing facilities; Doesn't qualify if it is allowed credit under Section 29*****
Geothermal Energy	October 22, 2004 through January 1, 2008	1.5 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10
Refined Coal	October 22, 2004 through January 1, 2009	\$4.375 per ton	10 years after the placed in service date	Doesn't qualify if it is allowed credit under Section 29*****
Solar Energy	October 22, 2004 through January 1, 2006	1.5 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Expanded credit period from 5yrs to 10; Placed in service date NOT extended
Small Irrigation Power	October 22, 2004 through January 1, 2008	.75 cents per kWh	10 years if placed in service after August 8, 2005; If before: 5 years after placed in service date. For those placed in service prior to January 1, 2005, credit period begins on January 1, 2005	Placed in service date extended 2 years; Expanded credit period from 5yrs to 10
Wind Energy	December 31, 1993 through January 1, 2008	1.5 cents per kWh	10 years after the placed in service date	Placed in service date extended 2 years

*** Eligibility Requirements:**

The electricity must be *produced by the taxpayer* from qualified resources at a qualified facility during the credit period and *sold by the taxpayer* to an unrelated person during the taxable year.

Note: To be eligible, the producer must have a tax liability.

Behind the meter production is not eligible for the credit.

**** Definitions of Certain Qualifying Resources:**

Closed-loop Biomass: any organic material from a plant which is planted exclusively for purposes of being used at a qualified facility to produce electricity.

Open-loop Biomass: any agricultural livestock waste nutrients or any solid, nonhazardous, cellulosic waste material or nonhazardous lignin waste material which is segregated from other waste materials and derived from forest-related resources including mill and harvesting, residues, precommercial thinnings, slash, and brush, or solid wood waste materials including waste pellets, crates, dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, or agricultural sources including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues. (Does *not* include municipal solid waste, gas derived from the biodegradation of solid waste, or paper which is commonly recycled. Does *not* include biomass burned in conjunction with fossil fuel (co-firing) beyond such fossil fuel required for startup and flame stabilization.)

*****Current credit indexed for inflation:**

The inflation adjustment factor for the year 2005 is: 1.2528; making the credit for electricity sold in 2005 *1.9 cents* for wind energy, closed-loop biomass, geothermal and solar, *.9 cents* for open-loop biomass, small irrigation power, municipal solid waste and hydroelectric power, and *\$5.481 per ton* for refined coal.

******Section 29 Credit:**

Credit for producing fuel from a nonconventional source: provides a tax credit of \$3 multiplied by the barrel-of-oil equivalent of qualified fuels produced and sold by the taxpayer to an unrelated person during the taxable year. Qualified fuels include oil produced from shale and tar sands, gas produced from geopressured briuing, Devonian shale, coal seams, a tight formation or biomass, and liquid, gaseous or solid synthetic fuels produced from coal.