Who is Agrilectric?
Agrilelectric owns and operates a 13-megawatt power plant ("Facility") located adjacent to a rice mill near Lake Charles, Louisiana.

The Facility generates green power by burning rice hulls (300 tons per day) obtained from area rice millers.

The Facility was built in 1984 and is a Qualifying Facility under PURPA.

It supplies power to the adjacent rice mill and excess power is currently sold to the utility at Avoided Cost.

Has taken an environmental liability and turned it into an asset.
Renewable energy options must satisfy three conditions

1. Resource availability
2. Technical maturity
3. Policy and economic environment that supports commercialization
Biomass Power Association Mission

Biomass Power Association is a national alliance dedicated to supporting existing and new development of renewable energy power facilities that utilize biomass to generate base-load power.

50 members. 20 states. 2,000 MW installed capacity.

Our objectives include favorable tax incentives, equitable inclusion in federal climate legislation, enactment of federal renewable portfolio standard in which biomass power is treated equally with other renewable generation technologies, favorable federal land policies, and promotion of our industry through other federal programs.
Extension of Production Tax Credit (PTC) for existing open-loop biomass, currently set to expire December 31, 2009. The PTC for existing facilities, which received a limited five year PTC term as part of EPACT, expires 12/31/2009. Expiration will jeopardize the continued viability of 100 facilities in 22 states—like Agrilectric. Many of these facilities are subject to low fossil fuel-based power contracts. They provide thousands of green jobs, represent over $1 billion in annual economic benefits, and in many rural communities—are the sole employer.
Provide tax equity or “parity” with other renewable technologies. Tax equity with other renewables, specifically, the full 2.0 cents/kwh, for both new and existing facilities. Currently, biomass receives half the value of the PTC compared with other renewable like wind and geothermal. This has frustrated and stunted the growth of the industry, and placed biomass at a competitive disadvantage. Many new projects would be developed if biomass received the full value of the PTC, particularly in the Southeast, where biomass represents the renewable technology of choice given the abundance of agricultural and wood waste, and yet power prices are low compared with the rest of the country.
Section 45 Production Tax Credit for Open-Loop Biomass

Since the enactment of the JOBS act in 2004, open-loop biomass electric facilities only receive 50% of the value of Section 45 tax credits. The full value of the credit is 1.9 cents per kwh; open-loop biomass receives only 1.0 cents.

The reduced value of the credit for open-loop biomass, and thus impaired economics vs. full-credit technologies, has caused the development of many new plants to be postponed, and existing facilities to lose out to other renewable technologies in electricity auctions.

The credit rates for Section 45 technologies should be “technology neutral”, and Congress should not pick “winners” and “losers” among renewable technologies. They should all compete on a level playing field.
Open-loop biomass provides significant public environmental benefits: reduction of greenhouse gas emissions (especially methane), promotion of sustainable forest management, and furthering responsible waste reduction and recycling. All of these benefits are achieved without causing a “food for fuel” result or otherwise redirecting a commodity that has a higher and better use.

Providing the full Section 45 credit to open-loop biomass facilities is especially important for states in the Southeast U.S., where biomass presents one of the best (and only) opportunities to obtain significant quantities of renewable electricity.
Make the PTC tradable or refundable.

The appetite for tax credit investments has dried up, because of turmoil in the credit markets. This has made it increasingly difficult for owners and operators to benefit from Section 45. Congress would immediately inject capital into the market and create/preserve rural jobs by making the credit tradable or refundable.
Extension of Production Tax Credit in-service date for new facilities and/or Investment tax credit.

Elimination of credit reduction for grants, tax-exempt bonds, etc (Section 45(b)(3)). Currently, the value of the PTC is reduced for facilities financed with such benefits.

Recognition of increased capacity at existing facility as “new” for purposes of Section 45. Currently, increased capacity of existing plants is unlikely to be considered “new”.

Biomass Power Association
Legislative Agenda: Tax
Recognized for causing reduction of carbon emissions per Morris study.

Seek GHG off-set credits, or allowances, in any federal legislation, consistent with values identified in Morris study.

Support establishment of a Federal Renewable Portfolio.

Have OLB be fully recognized in an RPS, in a manner equivalent to other renewable generation technologies.
New independent study confirms biomass energy reduces GHG emissions and is good for the environment.

Bioenergy production reduces greenhouse gas levels by enhancing carbon sequestration. Biomass electricity is produced from the controlled combustion of untreated cellulosic wastes, such as bark, orchard trimming, rice hulls, and sugar bagasse.

Biomass electricity production lowers net greenhouse gas emissions below a zero greenhouse gas emissions level. This is because the usual disposal options for wood and agriculture wastes emit large quantities of methane gas and CO2 through decomposition, forest fires, and landfilling. Biomass should be recognized for the significant role it will play in providing a net reduction of the greenhouse gas effect.
In addition to being carbon neutral, bioenergy production can reduce net greenhouse-gas emissions by contributing to healthier and more resilient forests, and by eliminating the reduced-carbon emissions that are associated with the alternative fates for biomass resources that are not converted into useful energy.

The value of the greenhouse-gas offsets should improve the competitiveness of energy production from biomass and biogas resources in the energy marketplace of the future.

Using data from the California biomass power industry, GHG benefits (measured in tons of CO\textsubscript{2} equivalent) from biomass power generation total 1.64 tons per megawatt-hour (MWh) generated. This figure is comprised of two parts- 0.8 tons/MWh from avoided fossil fuel and 0.8 tons/MWh avoided from biomass decomposition or open burning.
Seek appropriation for biomass fuel subsidies in existing law, specifically the BCAP subsidy in the 2008 Farm Bill.

Advocate for access/use of federal lands for biomass power production.

Seek and advocate for uniform and acceptable definition of “biomass.”
Currently In Louisiana

No RPS.

Ineffective voluntary green energy program.

Elected Public Service Commission unwilling to raise rates – even to increase renewable energy production.

Low amount of renewable energy currently produced in Louisiana.
Implementing a Renewable Energy Program in Louisiana

Goal:
To create an aggressive renewable energy program in Louisiana, by rewarding new generators, while not penalizing existing generators.
Part 1/Program: Create a “feed-in” tariff whereby the utility provides a long-term contract that has two components – the wholesale market price for the power (Avoided Cost in Louisiana); plus a premium (suggesting a 5 cents per kWh maximum) that fairly compensates the renewable energy generator for the value of the environmental (and social) benefits. This tariff would be administered by the Louisiana Public Service Commission.
Implementing a Renewable Energy Program in Louisiana

Part 1/Program (con’t): The LPSC would conduct an RFP and award a contract to the lowest bidder(s) – who are bidding on the amount of the premium solely. Those bidders must meet certain criteria – including meeting the definition of “renewable” – and the awards will also be made on other factors such as reliability, capacity, financial feasibility, etc.... Enabling legislation would define how many megawatts of power the utility would be required to contract through this process.
Part 1/Program (con’t): This concept calls for a 1% (of states needs) bid process each year – adding up to 25% over 25 years. The state would not require that the utility contract for more power than what is bid, even if the amount of power bid does not meet the percentage requirements for that year. Similar programs can be found in Connecticut and California – among other states.
Implementing a Renewable Energy Program in Louisiana

Part 2/Tax Credit:

A: The State creates a State Production Tax Credit for renewable energy generators, that could be used as a credit against state tax liability. This would be the state version of the existing federal tax credit. To make such a credit meaningful, it should be $20 per MWh.

B: The State could provide an investment tax credit equal to 50% of any new investment in a renewable energy source. This would encourage new projects, but also reinvestment in existing plants. In other states, including Oregon, the value of the ITC is 50% of invested capital over five years, or 10% each year.
Implementing a Renewable Energy Program in Louisiana

Part 2/Tax Credit (con’t):

C: The State could provide an exemption from property taxes for any investment in an existing renewable project.

D: Many states, including Massachusetts, provide pre-development grants and low-interest loans for on-site distributed renewable energy generation.

The following website provides a list of programs available in different states: http://www.dsireusa.org
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