

November 8, 2010

The President
The White House
Washington, DC

Dear Mr. President:

A recent memo from key advisors within your Administration seeks your guidance on how to proceed with the loan guarantee program currently in place at the Department of Energy (DOE). We strongly encourage you to not only continue with the program, but to transform it so it is more accessible for cellulosic and advanced biofuel companies. In addition, we encourage you to push Congress to restore the funds taken from the program to pay for the Cash for Clunkers initiative and a bailout for states earlier this year. Restoring these funds and accelerating their distribution is one way to quickly add American jobs that cannot be outsourced.

As Congress intended, the loan guarantee program established by the 2005 energy bill was meant to provide access to much-needed capital for developing and nearly commercial renewable energy technologies – both for power generation and liquid transportation fuels. The markets for electricity and fuels function differently. As such, the loan guarantee program must reflect these differing real-world circumstances in determining the qualifications of various applicants. Yet, as currently structured, the program seems disproportionately focused toward power generation projects to the disadvantage of cellulosic and advanced biofuel technologies.

Advanced biofuel technologies are rapidly being developed and proven at pilot and demonstration-scale facilities all across the country. A wide range of feedstocks and technologies for next generation biofuels are proving effective replacements for finite supplies of fossil fuels in our transportation fuel mix. The technologies work. The largest hurdle facing full commercialization of these new technologies is access to capital. Federal initiatives like the DOE's loan guarantee program are vital for these technologies to take the next step. That is why this initiative must not only continue to have your support, but be reformed in manner that makes it more accessible to qualified advanced biofuel companies.

To that end, we encourage you to take a number of steps. First, certain criteria now included in the application process are discriminatory against advanced biofuel companies. Criteria such as multi-year off-take agreements and exhaustive operating data simply cannot be met by these new biofuel technologies. In the case of off-take

agreements, these criteria may be effective for power generation but does reflect how liquid transportation fuels are sold in the market. Requiring years of operating data from technologies that are currently trying to commercialize is a criteria that advanced biofuel companies simply cannot meet and undermines the Congressional intent of the program to commercialize these developing biofuel technologies.

Second, we would encourage you to consider the options put forth by your advisors to streamline the process and accelerate the amount of time between qualified application and closing of the guarantee. Provided that the discriminatory criteria currently included in the program are addressed, this would rapidly provide capital to many shovel-ready advanced biofuel projects. Given the opportunity, these technologies could be commercialized and quickly begin adding jobs and economic opportunity to scores of new communities across the country.

Third, while we appreciate the need to set realistic targets, the Environmental Protection Agency (EPA) should recognize that its projections send signals to the financial community that either encourage or discourage investment in emerging technologies. The Renewable Fuels Standard schedule was intended to drive investment to this important sector. We would encourage a more optimistic vision of advanced biofuel production by EPA in the coming years, particularly if the loan guarantee program is restructured to work for advanced biofuel companies.

We greatly appreciate the repeated commitment by you and your Administration to the evolution of America's biofuel industry. Continuing to expand the reach of domestic renewable fuel production will add desperately needed jobs and economic opportunity to thousands of communities nationwide. Addressing the shortcomings of this loan guarantee program, together with the initiatives put forth by Secretary Vilsack on October 21 to increase feedstock availability for advanced biofuels and thoughtful tax policy to encourage investment in advanced biofuels, would be excellent steps to putting the commercialization of cellulosic ethanol and other advanced biofuels back on the fast track.

Sincerely,



Bob Dinneen
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Cc: Carol Browner
Ron Klain
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