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Media Contact: Bill Riggs at (202) 429-4929; BillRiggs@Rational360.com

Biomass Power Association Statement on USDA Biomass Crop Assistance Program

WASHINGTON, DC - In recent media reports, the USDA's Biomass Crop Assistance Program, or "BCAP," has been criticized for causing "unintended consequences" in the forest products industry by providing subsidies to biomass-based fuels. These reports have caused some confusion and misunderstanding about the effects of the program and how BCAP-subsidized fuel is used in the generation of electricity.

As a result of the 2008 Farm Bill, Congress directed USDA to implement the Biomass Crop Assistance Program to provide economic support in the form of a matching payment program for "renewable biomass." USDA has determined that saw-mill residue sometimes used for products like furniture, cabinets, doors, and flooring is eligible for BCAP assistance. According to reports, this has diverted material away from other users such as composite panel manufacturers where the BCAP subsidy is unavailable.

The Biomass Power Association believes that BCAP is an important program that must continue in order to diversify America's renewable energy portfolio, meet the goals of a federal renewable electricity standard, and maintain thousands of green jobs, many of which are in small rural communities across America. There are, however, meaningful reforms that BPA will fully support in order to ensure that other industries are not put at a disadvantage. Bob Cleaves, president of the Biomass Power Association, addresses these concerns over the unintended consequences of the BCAP program in the following statement:

"Federal support for biomass power through programs such as BCAP and key tax credits are often literally the lifeline that keeps many biomass power plants operational. BCAP is an invaluable program to the biomass power industry and should continue with necessary reforms that eliminate any potential negative impacts on the market and effectively promote the

expansion of clean, renewable biomass power as it was intended. BPA shares the concerns of many in the forest products industry and looks forward to working in partnership with all stakeholders to implement the policies necessary to eliminate any unintended consequences of what has been a critical boost to the biomass power industry.

“BPA members depend on a vibrant broad based forest products industry, and we welcome the opportunity to work with Congressional leaders and the Administration to ensure that BCAP does not negatively impact other industries. BPA was not directly involved in this program’s design; however, if done right, BCAP can provide the crucial support needed to keep many biomass power facilities on-line, without negative economic impacts on other industries.

“Increasing our supply of clean, renewable energy and reducing our reliance on fossil fuels will ultimately create thousands of green jobs, stabilize energy prices, and improve the environment. The Biomass Power Association looks forward to working with leaders in Congress and USDA to eliminate any unintended consequences of BCAP and promote the reform necessary to ensure biomass power continues to play a major role in America’s path to energy independence.

“Congress and the Administration must recognize that the expiration of the federal production tax credit on December 31, 2009 and the inequitable treatment of tax credits when compared with wind and other renewable technologies, continues to threaten an industry that provides nearly half of America’s renewable energy supply. Failure to extend these tax benefits imperils as many as 15,000 jobs, many of which are located in rural America. In some cases, due to credit expiration and inability to qualify for renewable portfolio standard (RPS) programs, BCAP is all that is keeping some plants in business.”

To schedule an interview with Biomass Power Association President Bob Cleaves, please contact Bill Riggs at (202) 429-4929 or email BillRiggs@Rational360.com.

The Biomass Power Association is a member-driven organization with the goal of increasing the use of biomass power and creating new jobs and opportunities in the biomass industry. As policymakers at every level explore ways to lower greenhouse gases and reduce America’s dependence on foreign oil, BPA is the leading advocate at the state and federal level for a strong commitment to clean, renewable biomass energy. Members include local owners and operators of existing biomass facilities, suppliers, plant developers and others all across the U.S. For more information please visit www.BiomassPowerAssociation.com.

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