

CALIFORNIA ENERGY COMMISSION
OFFICE OF THE COMMISSIONERS
1516 NINTH STREET
SACRAMENTO, CA 95814-5512



December 8, 2009

The Honorable Blanche Lincoln
United States Senate
Dirksen Senate Office Building, Room 355
Washington, D.C. 20510

Subject: **Support for S. 870 relating to Tax Credit Extension for Biomass Energy**

Dear Senator Lincoln:

We are writing in support of your S. 870 legislation which extends the renewable energy tax credit for the production and third party sale of electricity from open-loop biomass facilities and also expands the tax credit to include electricity produced from biomass for onsite purposes. As you know, the tax credit expires on December 31, 2009, so there is urgency in taking action.

The California Energy Commission is California's energy planning agency and leads the state's Bioenergy Interagency Task Force whose directive is to coordinate state programs and promote the development of biomass as an energy source. Development of biomass as an energy source is very important to the State of California. The State, through Governor Schwarzenegger's Executive Order S-06-06, calls for meeting a 20 percent target for biomass within its established state goals for renewable generation for 2010 and 2020.

California's greatest biomass potential for electricity comes from targeting waste materials, not raw materials, for new electricity generation. Using biomass for energy production can divert a significant amount of wood waste and other organic materials from landfills, thereby reducing methane generation at landfills which are a significant source of greenhouse gas emissions, help improve forest health, and help to offset the costs of managing waste materials for California's farmers. Development of this resource is critical if California is going to generate 33 percent of our electricity from renewable energy by the year 2020.

Meeting these targets will be challenging. In the draft December 2009 Energy Commission's "Integrated Energy Policy Report," electricity generated from biomass from all sources has actually decreased since 2002 from 6,192 megawatts to 5,724 megawatts.

The Honorable Blanche Lincoln

December 8, 2009

Page 2

Thank you for your sponsorship of S. 870 with its five year extension of the "Section 45" biomass tax credit, and for the expansion of the credit for on-site use of biomass energy. This tax credit is essential to this industry's viability and whether biomass waste products can become an even more important source of clean energy in the state and the nation.

We appreciate your leadership on this important energy issue.

Sincerely,



KAREN DOUGLAS
Chairman



JAMES D. BOYD
Vice Chair

cc: The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510