

December 18, 2008

The Honorable Max Baucus
Chairman
Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Charles B. Rangel
Chairman
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Jim McCrery
Ranking Member
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The following companies and organizations recommend that Congress develop and pass legislation providing a \$4.27 per MMBTU tax credit for the production of renewable gas. H.R. 7097, the Biogas Production Incentive Act introduced by Representative Higgins (D-NY) would establish such a credit. Senator Nelson (D-NE) and Representative Kind (D-WI) have also introduced similar legislation.

The U.S. Congress has wisely supported the expanded use of domestic renewable resources through a variety of tax incentives and other programs. Up to this point, Congress has focused primarily on measures that support the production of renewable liquid transportation fuels or electricity. In the U.S., however, natural gas represents 23 percent of the energy consumed.

Natural gas is the fuel of choice to provide residential and commercial heat for space and hot water in most applications and is used to produce steam in a variety of commercial and industrial applications. Natural gas is also the fuel that provides the energy to manufacture many industrial products including aluminum, steel, glass, chemicals, fertilizer, and ethanol.

Incentivizing the production of renewable gas (RG) from sources that include animal manure, landfills, renewable biomass and agricultural wastes will support expanding the role of renewables into this existing energy sector, where little opportunity exists today. It will also create another business investment prospect for renewable project developers and the potential to expand rural economies while supporting existing industrial jobs and dramatically reducing carbon emissions.

Please consider the following:

- RG is a versatile form of bio-energy. It can be used directly at the site of production, or placed in the pipeline to support a variety of residential, commercial or industrial applications.
- RG produced from renewable sources including animal manure, landfills, renewable biomass and agricultural wastes can be produced at *high* efficiencies ranging from 60–70 percent. Additionally, all of the technology components to produce renewable gas from this variety of sources exist today.
- RG can be delivered to customers via the existing U.S. pipeline infrastructure.
- RG can provide a renewable option for many heavy industries, which could save existing industrial jobs in a carbon constrained economy - while creating new rural green jobs to produce RG.
- RG production in digesters provides the agricultural sector additional environmental benefits by improving waste management and nutrient control.

The following companies and organizations urge your support of a \$4.27 per MMBTU tax credit for the production of renewable gas. We believe this is a fiscally responsible proposal that will spur new gas production, create green jobs, expand the rural economy, increase energy independence and reduce greenhouse gas emissions.

If you have questions regarding this request or would like further information please contact Lloyd Ritter at (202) 215-5512 or lritter@greencapitol.net.

Thank you.

Companies and organizations in support listed below.

As of 12/18/2008

American Biogas Company
Madisonville, KY

American Gas Association
Washington, DC

American Iron and Steel Institute
Washington, DC

American Public Gas Association
Washington, DC

BioEnergy Solutions
Bakersfield, CA

Energy Systems Group
Newburgh, IN

Environmental Intelligence, Inc.
St. Paul, MN

Environmental Power Corporation
Tarrytown, NY

Exelon Corporation
Washington, DC

Gas Technology Institute
Des Plaines, IL

GHD, Inc.
Chilton, WI

Liquid Environmental Solutions Corporation
San Diego, CA

National Grid
Waltham, MA

NGV America
Washington, DC

PG&E Corporation
San Francisco, CA

RealEnergy, LLC
Yountville, CA

Schmack BioEnergy
Cleveland, OH

StormFisher BioGas
Hartford, CT

Universal Entech, LLC
Phoenix, AZ

Waste Management
Houston, TX