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Advanced Biofuels USA: Time for a Non-Renewable Carbon Fuel User Fee

Advanced Biofuels USA this week called for the imposition of a carbon fuel user fee and use the revenue from the fee to fund research on renewable fuel research and infrastructure.



"If we're serious about reducing climate change caused by greenhouse gases, then we need serious actions," Joanne Ivancic, executive director of the trade group said on Capitol Hill. "The first steps are including the price of greenhouse gas (GHG) effects in non-renewable carbon fuels and committing serious money to renewable fuel research and infrastructure development."

To accomplish the effort, Advanced Biofuels USA introduced what officials say is "a new idea" for capturing externalities of non-renewable fuels and for funding needed research - a non-renewable carbon fuel user fee.

Ivancic said her group's proposal uses lower priced renewable fuels to drive the consumer market. When the true costs of fuel become apparent, consumers will demand higher renewable portions of fuels for transportation, power and heat.

The fee - between \$50 and \$100 per ton - is based on current scientific estimates of climate change effects and mitigation costs, and applies only to the non-renewable portion of liquid and gas used for transportation and stationary source combustion, the trade group said.

The fee translates into increases of just 3.5 to 7 percent in current transportation fuel prices - less than the volatility commonly experienced in gasoline prices, the group said, adding that the fee will disappear as lower priced renewable fuels take over the market.



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Under the proposal, some 50-60 percent of the revenues from the fee would be used to fund an "Apollo type" renewable fuel research program, administered by the National Science Foundation (NSF) and be focused on getting affordable non-food biomass fuels and gases into the pipeline in less than seven years.

The remainder of the revenue would go to meet fuel infrastructure needs, including upgraded fuel pumps, decentralized processing/distribution modules, and temporary rebates to people not able to afford the initial lack of renewable fuel.

"These programs would be run by the states [who] know what the needs are and the most effective way to address them," the trade group said.

Advanced Biofuels USA also said its proposal will spur investment, innovation, installation and use of renewable choices.

"Not only will we see a rapid reduction in GHG emissions," said Ivancic, "but more important, a sustainable renewable fuel industry will create good jobs for Americans in research labs, rural towns and urban manufacturing plants."

Existing consumer point-of-sale fuel and utility tax collections systems (for natural gas) would be used, negating the need for any new bureaucracy to collect the user fee.

More details, along with charts, graphs and tables with more information, are available by clicking [HERE](#).

Richard P. Vlosky, Ph.D.

Director, Louisiana Forest Products Development Center

Crosby Land & Resources Endowed Professor of Forest Sector Business Development

Room 227, School of Renewable Natural Resources

Louisiana State University, Baton Rouge, LA 70803

Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931

Web Site: www.LFPDC.lsu.edu

Vice-President, Forest Products Society

