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PENCE VOTES TO CREATE INCENTIVES FOR ETHANOL AND BIODIESEL PRODUCTION AND EN

Washington, Nov 18, 2003 - Washington, D.C.— Congressman Mike Pence (R-IN) voted today to create a renewable fuels standard and tax incentives for ethanol and biodiesel production as well as increase the reliability of the nation’s electrical grid as part of the Energy Policy Act of 2003. The bill passed 246-180.

“The Energy Policy Act is great for Indiana’s family farmers and for all of rural America,” said Pence. “The renewable fuel standard and tax incentives for ethanol and biodiesel will increase a demand for grain in the United States, which will go a long way to improving the bottom line of our nation’s farmers.

“In addition, the renewable fuels standard will strengthen homeland security by improving our electrical grid and U.S. energy independence as well as protecting our environment by improving air and water quality,” said Pence.

Among the provisions in the bill:

Electrical Reliability

- Creates a self-regulating reliability organization, with Federal Energy Regulatory commission (FERC) oversight, to enforce mandatory reliability rules. Reliability rules are now voluntary.
- Grants FERC limited backstop authority to site electric transmission facilities located in national interest electric transmission corridors if states cannot or will not act.
- Streamlines the federal permitting process for transmission facilities by giving the Department of Energy (DOE) lead agency authority for federal authorization and environmental reviews and by allowing DOE to set deadlines for federal reviews.

Agriculture provisions

- Renewable Fuel Standard - Establishes a renewable fuel program requiring 3.1 billion gallons of renewable fuel in 2005 and ramping up each successional year until reaching 5 billion gallons in 2012. Prohibits the use of MTBE in motor fuel in the year 2014. Provides grants to producers of MTBE to make conversion to renewable fuels and other fuels. Creates litigation protection for renewable fuels and MTBE.
- Tax incentives
- Renewables - Extends and expands income tax credit for the production of electricity from qualified energy resources including wind, closed-loop biomass, open-loop biomass,

geothermal energy, solar energy, small irrigation power and municipal solid waste.

- Small Ethanol Producer Credit - Changes definition of an eligible small producer to include persons whose production capacity does not exceed 60 million gallons (it was 30 million gallons). Allows cooperatives to elect to pass-through the small ethanol producer credits to its patron.

- Biodiesel - Provides a new income tax credit for qualified biodiesel mixtures (50 cents per gallon for biodiesel and \$1.00 per gallon for agri-biodiesel). Agri-biodiesel means biodiesel derived solely from virgin oils, including esters derived from corn, soybeans, sunflower seeds, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, mustard seeds or animal fats.

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