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Contact: Kristin Brekke
kbrekke@ethanol.org / (605) 334-3381

Thune Highlights Plan for Cellulosic Ethanol Development, Ethanol, Conservation Leaders Applaud the Legislation

Sioux Falls, SD (May 29, 2008) – In a roundtable discussion today with ethanol, research, and conservation leaders, U.S. Senator John Thune (R-SD) highlighted his Biomass Crop Assistance Program, included in the recently passed Farm Bill, which will help to jumpstart the production of cellulosic ethanol by addressing the feedstock supply side of the equation.

The new program would provide a cost-share payment and per-acre rental payment to producers who agree to growing energy-dedicated crops for a local biorefinery. This program would also provide a per-ton payment to farmers for collecting, storing, and transporting biomass – such as corn stalks or cobs, or grain straw – to cellulosic ethanol plants. Payments may be made for up to two years and are capped at \$45 per ton.

Thune noted that his goal in establishing the program was to address two major issues: “This bill helps spur construction of biorefineries across the country and helps provide incentives to farmers in surrounding areas to grow energy-dedicated crops that can eventually supply these biorefineries in a cost-effective, environment-friendly way,” Thune said. “These incentives mean that the Midwest will have a huge impact on solving energy issues, and they will also help provide a necessary incentive for producers to provide help quickly,” he added.

Ethanol industry leaders noted that this legislation is key to the future of cellulosic ethanol. “These incentives will help provide a big step forward in the development of cellulosic ethanol,” said Jeff Broin, CEO of POET.

Don Endres, CEO of VeraSun Energy, said, “This helps because now we know the feedstock will be there, and that will help us in the development of cellulosic ethanol.”

Conservation leaders also applauded the legislation, calling it a “win-win” for conservation, ag, and energy. “This now gives producers an option on leaving grounds for conservation instead of using it for crops,” said Jack Majeres of the South Dakota Association of Conservation Districts.

Kevin Kephart, Vice President for Research at South Dakota State University, also a participant in the roundtable panel, highlighted how the Sun Grant Initiative is researching how best to grow switchgrass and other native grasses and how to convert those feedstocks into cellulosic ethanol. The Sun Grant Initiative, led by land grant institutions such as SDSU, is also reauthorized through the Farm Bill.

Brian Jennings, Executive Vice President of the American Coalition for Ethanol, noted that this is a pivotal moment for the nation’s energy future.

“Americans have come to grips with the fact that the cost of doing nothing is unacceptable, the cost of the status quo is far greater and far more dangerous than the price of investing in ethanol,” Jennings said.

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The American Coalition for Ethanol (ACE) is the grassroots voice of the U.S. ethanol industry, a national trade association for the ethanol industry with nearly 1,600 members nationwide, including farmers, ethanol producers, commodity organizations, businesses supplying goods and services to the ethanol industry, rural electric cooperatives, and individuals supportive of increased production and use of ethanol. For more information about ethanol or ACE, visit www.ethanol.org or call (605) 334-3381.