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## Lawmakers Take Aim at Military's Biofuel Procurement Efforts May 13, 2016

Several lawmakers are reportedly using the defense appropriations to attack military purchases of biofuels.

According to the Advanced Biofuels Association (ABFA), the Defense Department budget for fiscal 2017 put together by Republican leadership would stop the Navy from buying biofuels for the fleet, putting an end to the "Great Green Fleet" and related projects that Secretary of the Navy Ray Mabus has pushed - despite great opposition - since taking office in 2009.



Mabus and others at the Department of Defense have pursued a goal of meeting 25 percent of the military's operational energy needs with renewables. Both current and retired military leaders have said the Pentagon must pursue renewables to maintain operation readiness, protect forces from the vagaries of the oil market (a \$1-increase in the price for a barrel of oil costs the Defense Department, the nation's largest user of energy, \$130 million), and to promote energy security for the military.

The Great Green Fleet is a Carrier Strike Group (CSG) that deploys on alternative fuels, including nuclear power for the carrier and a blend of advanced biofuel made from beef fat and traditional petroleum for its escort ships. The biofuels have been procured by the Navy at prices that are on par with conventional fuels, as required by law, and are certified as "drop-in" replacements that require no engine modifications or changes to operational procedures.

The ABFA says a section of the defense appropriations bill under consideration states, "None of the funds made available by this Act may be used to enforce section 526 of the Energy Independence and Security Act (EISA) of 2007."

The section of EISA cited by the defense spending proposal states that "no federal agency shall enter into a contract for procurement of an alternative or synthetic fuel, including a fuel produced from



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nonconventional petroleum sources, for any mobility-related use, other than for research or testing, unless the contract specifies that the lifecycle greenhouse gas emissions associated with the production and combustion of the fuel supplied under the contract must, on an ongoing basis, be less than or equal to such emissions from the equivalent conventional fuel produced from conventional petroleum sources."

The section gives the U.S. military the ability to buy reasonably priced biofuels, but precludes the Pentagon from purchasing, for example, oil from Alberta's Tar Sands, because of high emissions.

Navy officials contend that even with the House amendment, the service would be able to purchase drop-in biofuels, providing they were priced on par with conventional fuels.

However, in a related issue, *Biofuels Digest* is reporting this morning that Sen. Ted Cruz (R-TX) is pursuing an amendment to the Senate version of the National Defense Authorization Act that could eliminate the price parity of biofuels and convention fuels, hampering the military's pursuit of renewables.

Cruz's amendment would reportedly would "add any financial contributions from a federal agency other than the Department of Defense, including the Commodity Credit Corporation under the Department of Agriculture, for the purpose of reducing the total price of the fuel," after "commodity price of the fuel" - when it comes to calculating the full cost of drop-in fuels required under Section 526.

The amendment reportedly would strip the intent from the 2011 Memorandum of Understanding (MOU) between the Navy, DOE and USDA to each commit to expediting the commercialization timeline of U.S. advanced drop-in aviation and marine biofuels. While private sector renewable fuels developers must at least match the federal investment in the effort, under the MOU, bidders on Navy military biofuels contracts have been able to access up to \$170 million in Commodity Credit Corporation funds designed to "buy down" the cost of U.S.-produced biofuels feedstock. The CCC funding aims to stimulate development of crops and residues that can be used for producing advanced biofuels.

The Obama administration's military biofuels program, says *Biofuels Digest*, is predicated on a partnership between the Navy and USDA to develop both the feedstock and production capacity for military biofuels.

The Navy began purchasing biofuels in bulk for ships and jets in 2014, and expects to get 170 million gallons this year through a partnership with several renewable fuel companies.

Earlier this year, when the Navy began its deployment of the Great Green Fleet, ABFA President Michael McManus told the San Diego Tribune that the Navy's spending has made an impact on the industry because it is the biggest customer in the market. He said biofuels generally cost less than \$10 per gallon, while some sellers price it between \$5 and \$8.



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"What the Navy is doing here is catalyzing and driving an industry that will have far broader applications than the theater of war," McAdams told the *Tribune*, adding that the Navy purchases were particularly welcome during a time of extremely low oil prices. The industry has also been hurt by EPA biofuel blending proposals for advanced biofuels that come in at a mere fraction of the levels set by EISA nine years ago, chilling investment in the clean fuels.

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