



National Biodiesel Board
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July 26, 2010

The Honorable Harry Reid
Majority Leader
S-221 U.S. Capitol
Washington, DC 20510

Dear Majority Leader Reid:

On behalf of the National Biodiesel Board (NBB), the trade association for the U.S. biodiesel industry, I am writing to you today regarding the energy package you outlined publicly on Thursday, July 22, 2010. The U.S. biodiesel industry notes your interest in displacing petroleum use in heavy duty highway applications. The most reliable, immediate way to achieve this worthwhile objective is to include a retroactive, multiple year extension of the biodiesel tax incentive in the upcoming energy bill.

Biodiesel is a clean diesel replacement fuel that meets an existing fuel specification and can be readily used in existing diesel engines and fuel infrastructure. It reduces greenhouse gas emissions by as much as 86 percent compared to petroleum diesel and creates 4.56 units of energy for every unit of energy that is required to produce the fuel. Biodiesel is the only domestically produced, commercial scale fuel that meets the definition of an Advanced Biofuel under the Renewable Fuels Standard (RFS2).

The biodiesel tax incentive is structured to make biodiesel competitive with petroleum diesel in the price sensitive fuels marketplace. From 2005 through 2009, when a seamless biodiesel tax incentive was in place, U.S. biodiesel production displaced 1.9 billion gallons of petroleum diesel. However, the biodiesel tax incentive was allowed to expire on December 31, 2009, and this has resulted in significant economic hardship and job loss for the domestic industry. The continued lapse of the biodiesel tax incentive and uncertainty regarding the federal government's future commitment to renewable Advanced Biofuels like biodiesel directly undermines the nation's ability to displace petroleum diesel fuel.

The U.S. biodiesel industry shares your goal of displacing petroleum in heavy duty applications. Swift enactment of a retroactive, multiple year extension of the biodiesel tax incentive is the most effective and immediate way of achieving this worthwhile goal. Accordingly, the NBB respectfully asks that this common sense proposal ultimately be included in forthcoming energy legislation.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Manning Feraci", is written over a light blue circular stamp.

Manning Feraci
Vice President of Federal Affairs
National Biodiesel Board