



Senator Max Baucus
Chair, Finance Committee
Hart Room 511
United States Senate
Washington, DC 20510

Senator Charles E. Grassley
Ranking Member, Finance Committee
Hart Room 135
United States Senate
Washington, DC 20510

February 24, 2010

Dear Senators,

On behalf of our members and supporters we are writing to ask that you not retroactively extend the open loop tax credits for existing biomass electricity facilities. These tax credits have served their purpose in supporting the creation of new bioelectricity plants. Retroactively extending the credits would unnecessarily bolster plants already integrated into the economy, while giving windfall profits to a dirty and dangerous form of energy that is harmful for people and the planet. Meanwhile, they would cause land degradation and contribute to global warming. For these reasons, we ask that you not extend the tax credit.

The biomass tax credits that expired last year only applied to *existing* bioelectricity plants that were in service prior to October 2004. Renewing this tax credit would give financial support to facilities that have already been built, have already been subsidized with taxpayer dollars for at least five years and should be able to stand on their own two feet. Biomass electricity is cost competitive with coal electricity so these taxpayer dollars will be going to nothing more than industry profits. Allowing these credits to expire does not threaten job creation or economic growth, especially since new biomass plants are subsidized through an extension that passed last year in the American Recovery and Reinvestment Act.

Extracting biomass to be burned for bioelectricity from forests can harm the health and biodiversity of forests while also contributing to global warming. Science shows that burning biomass can contribute as much to global warming as burning coal per unit of energy created. Additionally, converting land from natural forests to bioenergy production reduces the carbon sequestering traits that occur in natural forests, particularly when poor forest management techniques are used to extract biomass. This is particularly prevalent when an economic incentive – and not ecological necessity – drives the extraction of biomass. Because of this, bioenergy rarely is carbon neutral.

Burning biomass also causes significant air pollution that is harmful to human health due to the large quantity of pollutants – such as particular matter, volatile organic compounds and nitrogen oxides – that are emitted. In fact, many of these air pollutant's emissions can be just as high from bioelectricity plants

as those from coal plants. These emissions are toxic and can result in respiratory issues and even cancer when inhaled, making biomass burning facilities harmful to local populations.

When enacted in 1992, the tax credit was created to spur the creation of new bioelectricity plants, which it has attained. But now, there is no need to continue to support already built plants. Instead, Congress should be investing in truly sustainable energy solutions that do not produce toxic air pollutants, such as wind power. We urge you not to retroactively extend these tax credits or create new ones that continue to subsidize this mature energy technology. If you have any questions please contact Kate McMahon at 202-222-0715 or KMcMahon@foe.org.

Sincerely,

Erich Pica
President

CC: Senate Finance Committee