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By Central Penn Business Journal Editorial Staff

Biofuel choice

Love him or hate him, Gov. Ed Rendell knows how to make a splash. His latest high-profile push has put energy independence at the top of the state's list of legislative priorities. The governor's PennSecurity Fuels Initiative calls for, among other things, replacing 900 million gallons of gas and oil with fuel from alternative sources such as ethanol and biodiesel, and the target date for this transformation is 2017.

A coalition of companies in the state's nascent biofuels industry — they call themselves the Pennsylvania Biofuels Producers Group — welcome the mandate but they say state incentives are also needed to spur production and make Pennsylvania more competitive with other biofuel-producing states. Local companies such as Keystone Bio-Fuels, a member of the producers group, Gleim Environmental Group and Shipley Energy are working together to generate backing for the idea.

We don't generally support corporate subsidies; we prefer to let businesses operate in a free market. But the biofuels producers make a powerful case to give them the help they're asking for.

First, while private investment started the ball rolling in Pennsylvania, the competitive fight nationally won't be settled by the free market. Producers in states such as Indiana and Iowa, already boosted by state subsidies, have gained a competitive edge and are selling biodiesel cheaper than Pennsylvania producers can deliver it — and these out-of-state folks are winning on price right here in Pennsylvania.

Second, Pennsylvania has a huge farming industry, with farm production estimated at \$4.5 billion and farming providing more than 84,000 jobs. But family farm businesses have been struggling for years. Soybean oil is the key ingredient in biodiesel, and incentives to grow more soybeans could make farming significantly more profitable. A subsidy program might also ease some of the pain from the soybean-price fluctuations that have developed as interest in biodiesel has heated up.

Third, members of the biofuel-producers group point to studies that show that every \$1 of subsidy will generate \$8 to \$10 in tax revenue. This is what has happened elsewhere with biofuels subsidies: They create jobs, they help companies grow, they expand the tax base. And subsidies wouldn't be open-ended; the producers group says it needs help in the short term to ramp up production. The incentives can be dropped after three years, it says.

But the best reason for siding with the biofuels group is that biodiesel is the greenest of the green energies. Soybean oil is renewable. The fuel can be made right now. Trucks and construction equipment can run on it right now. It can reduce pollution and global warming right now. It can begin to end our dependence on foreign oil right now.

The Legislature has a choice — a choice that must be made in the next 24 to 36 months. It can find money in the budget to support the state's biofuels industry and make Pennsylvania a national player in the industry. Or it can do nothing and watch the opportunity pass.

We think it's an easy choice. ■

Call your senator

The state House passed House Bill 1202 in June, referring it to the Senate Environmental Resources and Energy committee. That committee, chaired by Mary Jo White (R-Venango County), heard testimony last month on the measure. We urge you to support this bill. To find and contact your local senator, visit www.legis.state.pa.us/cfdocs/legis/home/find.cfm.