

## GOVERNOR ANNOUNCES \$25.2 MILLION FOR DEVELOPMENT OF TWO CELLULOSIC ETHANOL FACILITIES IN NEW YORK STATE

Governor George E. Pataki today announced that two companies have been selected to develop and construct pilot commercial cellulosic ethanol facilities in New York State. The State has awarded a total of up to \$25.2 million to the companies to increase the production of clean and renewable fuels and reduce our dependence on imported energy.



One of the companies – Mascoma Corporation – will build a 500,000 gallon/year facility in the Town of Greece, Monroe County. This project, which is a collaborative effort with Genencor, an enzyme company in Greece, along with Clarkson University, Cornell, and Khosla Ventures, has been awarded a \$14,800,000 State grant and will include more than \$15 million in private investment.

The other award recipient is Catalyst Renewables Corporation, a Dallas, Texas-based renewable energy company that currently owns two biomass-to-energy plants in New York. The company will receive \$10,345,673 in State funding to build a 130,000-gallon/yr. biorefinery adjacent to the company's existing wood-to-energy plant in Lyonsdale, Lewis County. The SUNY College of Environmental Science and Forestry (SUNY-ESF) also will conduct research at the Lyonsdale facility in cooperation with the engineering firm of O'Brien & Gere and New Energy Capital, one of the nation's leading renewable energy venture capital companies.

The facility will use low-grade timber from surrounding North Country forests, as well as willow grown on nearby agricultural lands, to produce cellulosic ethanol, electricity, and other bio-based energy products. SUNY-ESF and Catalyst previously received \$60,000 from the State Department of Agriculture and Markets to initiate the nation's first commercial willow plantation in the Tug Hill area of Jefferson County.

Peter R. Smith, President and CEO of the New York State Energy Research Development Authority (NYSERDA), said, "NYSERDA supports the advancement of cellulosic ethanol - the freedom fuel of the 21st Century. The construction of facilities of this kind will enhance the opportunities for new business and the agricultural and forestry sectors in the Empire State, as well as foster partnerships with some of the State's top universities. Building on our indigenous resources to develop cellulosic ethanol will put New York State on the path to help break our addiction on imported energy, and embrace new and innovative alternatives."

Most of the ethanol currently produced in the United States is made from corn. Cellulosic ethanol uses biological or thermal processes to produce ethanol from plant materials such as grasses and wood, which are abundant in New York State. Studies indicate that less energy is required to produce cellulosic ethanol than to create corn ethanol, and that cellulosic ethanol provides as much as a 16:1 positive net energy balance. Although cellulosic ethanol holds tremendous potential to reduce the nation's dependence on imported petroleum, certain technical and other barriers need to be overcome before widespread production is commercially viable. The only commercial-scale production facility currently operating in the world is in Ottawa, Canada, though several pilot-scale facilities exist and other commercial facilities are close to completion. The projects receiving State support will address important issues such as feedstock availability, input costs, engineering, and overall viability. Governor Pataki has been a leading proponent of renewable energy, greater energy efficiency, and the development of alternative energy sources. He also has pushed for a broad, aggressive national program to reduce our dependence on imported energy. New programs he initiated in New York State, include:

- Renewable fuel production tax credits of up to \$2.5 million annually per project to provide incentives for the production of ethanol, biodiesel or other renewable fuels;
- The elimination of all State taxes on renewable fuels, saving consumers approximately 40 cents/gallon;
- A \$10 million grant program to assist private service stations in installing alternative fuel pumps for ethanol, biodiesel, or compressed natural gas (CNG);
- An end to "exclusivity" contracts between fuel distributors and service stations, which will allow retail fuel stations to offer renewable fuels;
- The expansion of the State's Empire Zone tax benefits to qualifying clean energy companies regardless of where they are located in New York;
- A \$10 million program to retrofit the nearly 6,000 hybrid vehicles in the State fleet to be plug-in hybrids, which will boost mileage to up to 100 miles per gallon.