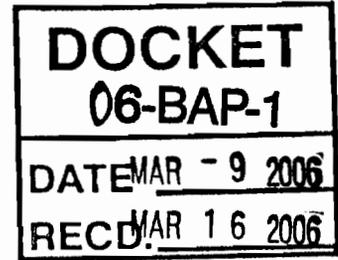


Statement by James L. Stewart
Re: California Bioenergy Action Plan
Chairman, BioEnergy Producers Association
Vice President, BRI Energy LLC,
March 9, 2006



My name is Jim Stewart and I am Chairman of the BioEnergy Producers Association, an association of companies, including engineering firms, utilities and waste haulers, whose mission is to advance the development and commercialization of sustainable, environmentally preferable industries that produce power, fuels, and chemicals from agricultural, forestry, and urban sources of biomass and plastic wastes.

We commend the Bioenergy Interagency Working Group for commissioning the preparation of the Bioenergy Action Plan and endorse its findings. Biologically-derived renewable materials represent perhaps the most practical and most readily available resource for achieving energy independence for our state and nation. For the first time, California has a comprehensive and constructive road map, which, if implemented, could enable us to reach this goal.

Conversion technologies, which produce low-cost liquid and electric energy from organic wastes and hydrocarbons, could provide our citizens with relief from the escalating cost of gasoline. They could provide our farmers and dairy industries with productive alternatives to the open-field burning of agricultural residues and the disposal of animal wastes. They could significantly reduce greenhouse gas emissions, while at the same time, lowering the cost of waste disposal for our municipalities, reducing their dependence on landfills and eliminating their need to spread sewage sludge on agricultural lands, usually in some other county or state than their own.

Just from the 40 million tons of post-recycled municipal waste that are placed in California's landfills each year, conversion technologies hold the potential to produce locally more than two billion gallons of ethanol for blending with gasoline--more than twice the amount that was imported to California from the Midwest in 2005. They could simultaneously co-produce some 2700 MW of green power, providing utilities with perhaps their best opportunity to meet the state's mandate for renewable electricity, while reducing our dependence on coal-fired electrical power generation, the nation's leading source of industrial pollution.

Achieving these goals, however, will require the commitment of both the executive and legislative branches of government.

The BRI Energy technology, which I represent, will co-produce ethanol and/or hydrogen and green power for any organic wastes or hydrocarbons—and in

doing so, it creates zero air emissions from the gasification step and generates electricity without combustion. These are major environmental breakthroughs.

The BRI technology can efficiently produce ethanol for blending with gasoline at approximately one-quarter of the current retail cost of gasoline and can market green power for five to ten cents per kWh.

And this is not a dream for the future, as has been reported in the press. Our company expects to begin construction of commercial plants this year in other states and nations, where we have been assured of obtaining permits in from 60 days to six months, and where these plants will be permitted as energy generation facilities and not as major solid waste disposal facilities, i.e., landfills, as is currently the case in California.

I mention this only because, in other states, the executive and legislative branches of government, as well as their Congressional delegations, regardless of political party, are united in their commitment to implement 21st Century conversion technologies for the production of low-cost liquid and electric energy, and are determined to take advantage of the extensive incentives for waste-to-ethanol and waste-to-electricity plant construction contained in the 2005 energy bill, incentives valued in the billions of dollars, which will be lost to California because it could take as many as three years or more to permit one of our plants in this state.

The prevailing statute that governs the definition, permitting and operation of conversion technologies in California, and which make their construction virtually impossible in this state, was written 15 years ago when many of these clean 21st Century technologies had not even begun development.

AB 1090, a clean and straight-forward bill sponsored by the BioEnergy Producers Association, designed to update this antiquated statute and expedite the introduction of conversion technologies in California, did not even receive a hearing in the Assembly Natural Resources Committee last January and we are now attempting to craft new legislation, AB 2118, that will be acceptable to all stakeholders. We are not certain that this can be achieved. We have been forced to accept major compromises, such as the elimination of diversion credits for conversion technologies, something that is of great importance to our local communities, in order to move the bill forward.

The opposition to AB 1090 was led by Californians Against Waste, an organization that has made an important contribution to the introduction of recycling programs in California. However, their primary function is to serve as an advocacy group for the traditional recycling industry, and in this case, their goal is to force communities to rely upon current recycling methods to meet their mandate for 50% diversion of wastes from landfills, and to slow or prevent new industries from obtaining access to California's waste streams.

Scott Smithline of CAW was quoted in the Los Angeles Daily News as saying, "We are concerned that demand, that hunger for feedstock, is going to pull materials from other traditional recycling uses."

And yet, our bill fully protects the interests of the traditional recycling industry, specifically limiting conversion technologies to the use of post-recycled materials-- those 40 million tons of municipal waste that have no sustainable value and are now being placed in landfills.

The fact that these materials are being placed in landfills means that CAW's members are finished with them and that they have no further economic value or interest to them. We therefore find it interesting that the BioEnergy Producers are being forced by the legislature to negotiate with CAW over the terms under which we can permit and operate our plants.

We will be watching carefully over the next several weeks to see if all stakeholders, including the legislature itself, are truly committed to providing low-cost liquid and electric energy for the citizens of California.

The Bioenergy Action Plan clearly outlines the changes in statute that are needed to implement biomass-derived renewable fuels in California. We commend the authors for acknowledging that this is a key element in this plan and we offer our full support to the Bioenergy Interagency Working Group as it moves forward to act on its recommendations.

The concept that today's waste streams can become tomorrow's liquid and electric energy supersedes all other solutions in our 21st Century quest for energy independence.