

Economic, Policy and Management Issues in Biofuels

- **Introduction**

In the past years corn has been used as a dominant feedstock for biofuels. Recently there is a shift to cellulosic sources of feedstock which is mandated to produce 36 billion gallons by 2022.

- There are five USDA biomass research centers managed by the ARS located as follows:

South Eastern; Central East; Northern East; Western and North Western.

This effort is designed to help that dependable supply of needed feedstocks based on agricultural and forestry become available for production of biofuels. It is also expected to spur economic growth in rural communities.

The primary objectives of the regional centers are:

- Increase biomass efficiency to increase grower profits and reduce biorefinery transaction costs.
- Optimally incorporate biomass and other dedicated feedstocks into existing agriculture and forestry based systems.
- Address the uncertainties of expanded production up-front to avoid negative impacts on existing markets and ecosystem services
- Develop and find new ways to utilize value added co-products to help enable commercially preferred biorefining technologies.

- **Challenges and opportunities**

- Private sector involvement in financing and establishing processing facilities
- Uncertainty due to changes in government policies
- Identifying constraints affecting location of biorefineries ranging from local to national levels
- Establishing cost effective processing technologies
- Making substantial investment in infrastructure to meet the target of 21 billion gallons for cellulosic biofuels by 2020.
- Considering both the production/supply and demand/market side.
- Providing incentives for farmers to encourage them grow different feedstocks.
- Implementing partnership with regional economic development agencies and local private sector businesses through initiatives such as the Agricultural Technology Innovation Partnership (ATIP) proposed by the ARS.
- Discerning provisions in the 2014 Farm Bill regarding biofuels.