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Clean Energy Victory Bonds Are Not the Way to Go Says Advanced Biofuels USA

For Immediate Release August 17, 2012—Frederick, MD Contrary to the claims of Green America supporters of Clean Energy Victory Bonds that research and manufacturing of "second generation biofuels (switch grass and agricultural waste)" would be supported by these bonds, an analysis by Advanced Biofuels USA's Bob Kozak finds no support for that contention. In addition, in an article posted today on the Advanced Biofuels USA's web site, he identifies four major flaws in Clean Energy Victory Bonds legislation.

Kozak explains that the Clean Energy Bond is included in a very short section of HR 6275 (301) that simply establishes that the bonds have to return an interest rate equal to current US Treasury EE or I bonds **plus**, "*a rate of return determined by the Secretary of the Treasury which is based on the valuation of carbon mitigated or energy saved through funded projects funded from the proceeds of such bonds.*" The resulting interest rate would approach 4%.

Here's the problem:

1. Because the bonds will require immediate income from the projects to pay the interest income promised to the investor, bonding is not the appropriate method for funding renewable energy research and project prototypes. These bonds could only be used for projects that have already been proven to be commercially viable and would not provide funding where it is needed most in biofuel and other renewable energy development - at the research and commercialization stages.
2. Clean Energy Victory Bonds would duplicate other available funding mechanisms via the requirement to have a return on investment that is higher than current US bond issues, the only projects that would be eligible for funding are those that are relatively low risk that would be funded by existing commercial instruments
3. Clean energy is not defined. Besides advanced transportation biofuels not being included in the legislation, it also seems that the "dirty" elements of electric vehicle projects (Chinese raw materials extracted with great environmental damage, or solar projects using imported panels manufactured without environmental or energy use requirements) would not be factored into a life cycle analysis of environmental impact as the Secretary of the Treasury decides the "*carbon mitigated or energy saved*" without specificity on technology, the price of carbon, or the energy used to produce components such as batteries or wind blades. There is also no need for the Treasury Secretary to factor in the financial and environmental costs to dispose of batteries. This, Kozak points out, opens the door to significant gaming or corruption of the system.

Kozak doesn't just find fault with the legislation, he suggests legislation that could truly make a difference:

- 1) A \$200 billion, ten year, science-heavy "Manhattan Project" for new renewable transportation, heating, and electrical production energy sources, and
- 2) A complete makeover of accounting and taxation laws that would properly charge for Climate Change and other environmental costs instead of allowing them

to be called "economic externalities."

The complete article is available online at <http://advancedbiofuelsusa.info/advanced-biofuels-usa-finds-clean-energy-victory-bonds-hr-6275-lacking>

Advanced Biofuels USA, a nonprofit educational organization advocates for the adoption of advanced biofuels as an energy security, military flexibility, economic development and climate change mitigation/pollution control solution. Our key tool for accomplishing this is our web site, www.AdvancedBiofuelsUSA.org, a resource for everyone from opinion-leaders, decision-makers and legislators to industry professionals, investors, feedstock growers and researchers; as well as journalists, teachers and students.

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