

Obama eyes biofuels, clean coal in new climate push

Wed, Feb 3 2010

By Jeff Mason and Timothy Gardner

WASHINGTON (Reuters) - President Barack Obama laid out new steps on Wednesday to nudge the United States toward energy independence, backing measures to boost production of biofuels and bury pollution from coal.

Using the new initiatives to garner support for a climate and energy bill stalled in the U.S. Senate, Obama met with a handful of state governors to press his policies to fight global warming and wean the nation from imported fossil fuels.

"America can win the race to build a clean energy economy, but we're going to have to overcome the weight of our own politics," he said at the meeting, noting China was pushing aggressively to lead in "clean" energy technology.

"We have to focus not so much on those narrow areas where we disagree, but on the broad areas where we agree," he said.

Agreement on a climate bill is still far from certain, and the legislation faces further obstacles after the election last month in Massachusetts that gave Republicans a Senate seat long held by Democrats, depriving the president's party of 60 votes that could overcome procedural hurdles.

Obama has acknowledged that a controversial "cap and trade" system could be separated from other parts of the bill, though he is adamant that a market-based mechanism be put in place to make high polluting fuels more expensive for industry than less-polluting, renewable energy sources.

Biofuels represent one renewable energy source the administration wants to promote, and a new interagency report spelled out ways the country would achieve that going forward.

"By 2022, we will more than double the amount of biofuels we produce to 36 billion gallons, which will decrease our dependence on foreign oil by hundreds of millions of barrels per year," Obama said.

He also announced a new task force to forge a plan for rolling out affordable carbon capture and storage technology in 10 years, including having 10 commercial demonstration projects up and running by 2016.

Carbon capture and storage is meant to capture the emissions from carbon-polluting coal plants and bury them underground rather than spewing them into the atmosphere but the technology is still being researched.

EPA

The Environmental Protection Agency said on Wednesday ethanol and other renewable fuels must account for 8.25 percent of gasoline sales in 2010 to meet Congress' mandate that nearly 13 billion gallons of renewable fuels be produced this year.

That is lower than last year's 10.21 percent renewable fuel standard that the EPA announced in November 2008..

The United States is far away from its goal of producing 36 billion gallons (136 billion liters) of biofuels a year by 2022, currently producing 12 billion gallons annually, mostly from corn ethanol.

The report offers solutions that would ease the way for ethanol to get from producers in the U.S. Midwest to consumers near the coasts. Such snags include filling stations that have been slow to adopt pumps to distribute a fuel blend that is mostly ethanol, called E85, and a lack of dedicated pipelines for biofuels.

Loan guarantees for ethanol plants could be targeted more effectively to support new biofuels plants, the report said.

The struggling biofuels industry is concerned the Obama administration will move too quickly away from ethanol to biofuels that derive from more difficult techniques using wood chips and other biomass.

The president's backing of ethanol, however, could shore up his support in farm states, where ethanol boosts demand for corn.

Environmentalists and some scientists say production of U.S. biofuels from corn and other grains can drive out production of other crops, prompting farmers in other countries to burn down forests and clear land to grow those crops -- creating new sources of CO₂, the main greenhouse gas blamed for global warming.

(Additional reporting by Tom Doggett; Editing by Cynthia Osterman)

