

November 10, 2009

Mr. Arthur N. Marin
Executive Director
NESCAUM
90 South Street, Suite 602
Boston, MA 02111

RE: Proposed Northeast/Mid-Atlantic Low Carbon Fuel Standard

Dear Mr. Marin,

Coskata commends and strongly supports the development of a Low Carbon Fuel Standard (“LCFS”) in the NESCAUM member states and Pennsylvania. Coskata is a biology-based renewable energy company that is commercializing technology to produce biofuels from a wide variety of feedstocks. Using proprietary microorganisms and transformative bioreactor designs, the company will produce ethanol at one of the lowest costs-of-production in the industry, from a wide variety of feedstocks. Coskata’s technology is poised to make great strides in meeting our nation’s environmental and energy security goals while offering significant stimulus for economic development using local feedstock. We are also making great progress towards commercialization and recently unveiled our semi-scale biorefinery in Madison, Pennsylvania. This facility will supply operational details for multiple commercial scale plants, some of which could commence construction as early as next year.

We are committed to helping the Northeast/Mid-Atlantic region reach your vision of a 10% reduction in the carbon intensity (“CI”) of transportation fuel and welcome the opportunity to be helpful as you define the standard. In that regard, we’d like to point out several of the benefits of cellulosic ethanol in meeting your 10% CI reduction goal. We believe that the initial report by Northeast States Center for a Clean Air Future (“NESCCAF”)¹ did an admirable job of taking an initial look at the opportunity and potential compliance options. This report however greatly underestimates the capabilities of cellulosic biofuels.

Cellulosic biofuels offer one of the fastest, cheapest and most efficient solutions for lowering the emissions footprint of transportation fuels. Contrary to popular belief, these technologies are not years away from commercial viability. They are commercially viable today, at cost points that compete directly with gasoline. The operational results of our facility outside of Pittsburgh support this statement. We can accomplish these goals from feedstocks widely available in the Northeast and Mid-Atlantic given our feedstock flexible process.

Cellulosic biofuels could offer compelling opportunities in the Northeast and Mid-Atlantic. For example, the Department of Energy’s National Renewable Energy Lab (NREL) expects cellulosic ethanol yields to be 80 gallons per dry ton in 2010. Applying this yield and using

¹ “Introducing a Low Carbon Fuel Standard in the Northeast – Technical and Policy Considerations,” July 2009, NESCCAF

NESSCAF's formula for the Average Fuel Carbon Intensity ("AFCI"), the target value of 87 grams CO2 per MJ (10% lower than the baseline gasoline value of 96.7) could be achieved using about 60 million tons of biomass. According to NESSCAF, the region in 2010 will have 33-115 million tons of biomass. NESSCAF further estimates that about 60% of this available biomass would come from post-recycled Municipal Solid Waste ("MSW"), which has no direct or indirect land use impact, and could have a negative CI value once avoided landfill methane emissions are fully accounted for. The NESSCAF estimates also neglect the potential for new energy crops that could be planted to improve environmentally sensitive land in the region, such as the planting of switchgrass on abandoned mine lands in Pennsylvania. Cellulosic ethanol could allow the region to reach the goals of the LCFS for gasoline entirely with in-region resources.

Compliance through cellulosic biofuels would also come at a cost that is likely to be negative, representing a net benefit to consumers. For example, the wholesale price of RBOB per the NYMEX exchange is about \$2.15 per gallon whereas the all-in production cost of cellulosic ethanol estimated by the Department of Energy's National Renewable Energy Lab is only \$1.93 per gallon. Many companies, including Coskata, have cost targets far below that, especially if using waste for feedstock. These cost savings could translate to savings for consumers.

Finally, cellulosic biofuels are likely to be the nearest term solution for the LCFS compliance. As mentioned above, the technology is ready to be deployed today. And, the benefits of this technology could be achieved with little to no vehicle turnover and by using existing distribution infrastructure.

We also encourage NESCAUM and the regulatory agencies of the Northeast and Mid-Atlantic States to take another look at the potential opportunities represented by cellulosic ethanol in the region, and ensure the LCFS policy is developed in ways that support the development of this very promising industry.

Regards,



Wes Bolsen

Chief Marketing Officer and Vice President, Government Affairs

cc: Anne Gobin, Connecticut Bureau of Air Management
James Brooks, Maine Bureau of Air Quality Control
Barbara Kwetz, Massachusetts Bureau of Waste Prevention
Robert Scott, New Hampshire Air Resources Division
William O'Sullivan, New Jersey Division of Air Quality
David Shaw, New York Division of Air Resources
Brian C. Trowbridge, Pennsylvania Office of Energy and Technology Deployment
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