Department of Energy
Washington, DC 20585

May 8, 2013

Mr. Christopher Grundler
Director, Office of Transportation and Air Quality
U.S. Environmental Protection Agency
Washington, DC 20460

Dear Mr. Grundler:

I am writing in response to your April 5, 2013 letter requesting the U.S. Energy Information Administration's (EIA) current forecast of U.S. cellulosic biofuel production in 2013. EIA has continued to track market developments since Administrator Sieminski's October 18, 2012 letter to Administrator Jackson was sent pursuant to the provisions of Section 211(o)(3) of the Clean Air Act.

EIA's current forecast for cellulosic biofuel production during 2013 is 4 million gallons. This updated forecast is based on EIA's current assessment of available capacity and expected operations during 2013. The two commercial-scale facilities listed in Table 1 have experienced delays in realized operations over the past six months relative to EIA's earlier expectations. In addition, our updated forecast does not include any potential cellulosic biofuel production from pilot plants. Those plants have typically been operated to generate information and operating experience, have mainly produced products other than ethanol, and have not generated any cellulosic biofuel RINs.

Table 1: Capacity of cellulosic biofuel plants expected to generate RINs for 2013 (million gallons)

Year Online	Company	Location	Product	Annual Productive Capacity
2012	KiOR	Columbus, MS	Liquids	11
2013	INEOS Bio	Vero Beach, FL	Ethanol	8
Total 2013 Capacity (year-end)				19

Our updated forecast reflects EIA's best judgment based on currently available information, but it is inherently uncertain. Cellulosic biofuel production estimates are subject to much smaller absolute uncertainty, but significantly larger percentage uncertainty, than production or consumption estimates for other transportation fuels. This reflects both the very low volume of total cellulosic biofuel production and the very small number of facilities that have begun to enter into service. Small changes in the projected vs. actual utilization rates at just one facility will necessarily have a very large impact on the amount of total cellulosic biofuel production that

is achieved. This is different from many other EIA production forecasts where production occurs at a very large number of plants, which allows for averaging outage rates of individual facilities, and where the startup of a new facility has very little impact on the total production.

Table 2 shows how EIA's transportation fuel forecasts for 2013 have evolved over time. Relative to October 2012, current forecasts for 2013 reflect decreases of 60,000 barrels per day (0.7%) for motor gasoline, 20,000 barrels per day (1.4%) for jet fuel, and 40,000 barrels per day for diesel (1.2%). The fuel ethanol consumption forecast reflects an increase of 30,000 barrels per day (3.6%). The cellulosic biofuel production forecast, shown at the bottom of Table 2 in million barrels per day, fell by 365 barrels per day (from 9.6 million gallons per year to 4 million gallons per year, a decrease of 58%).

Table 2: Projections for transportation fuels[1] sold or introduced into commerce in the United States for 2013 (million barrels per day)

Transportation Fuels	EIA Forecast for 2013 Dated	
	October 2012	May 2013
Motor gasoline	8.74	8.68
Fuel ethanol	0.84	0.87
Jet Fuel	1.41	1.39
Diesel[2]	3.46	3.42
Biodiesel	0.08	0.08
Cellulosic biofuel production	0.0006	0.0003

[1] Estimates are for total consumption for all except cellulosic biofuel production.

[2] Diesel consumption in October 2012 reflected the *AEO2013*. The May 2013 forecast has been adjusted to reflect the May *Short-Term Energy Outlook* (*STEO*).

Sources: EIA, *STEO* (October 2012 and May 2013) and *Annual Energy Outlook 2013*.

If you have any questions regarding this information, please contact me or your staff may contact Mindi Farber-DeAnda at (202) 586-6419 or mindi.farber-deanda@eia.gov.

Sincerely,

A. Michael Schaal
Director, Office of Petroleum, Natural Gas, and Biofuels Analysis
U.S. Energy Information Administration