

United States Senate

WASHINGTON, DC 20510

May 2, 2008

The Honorable Max Baucus, Chairman
The Honorable Chuck Grassley, Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

We are writing to express our strong support for maintaining the eligibility of home heating oil for the \$1.00 renewable diesel tax credit. As you may know, the Northeastern United States consumes more diesel fuel than other regions of the country because of its large home heating oil market. Because such a large proportion of households in the Northeast use home heating oil, environmental advocates, state and local government, consumer groups and the home heating oil industry have supported the development of environmentally friendly renewable fuels for this important market.

Under current law, renewable diesel that meets the requirements of the American Society of Testing and Materials (ASTM) D975 or D396 standard is eligible for the renewable diesel tax credit. The House of Representatives has passed legislation to delete ASTM D396, which applies to home heating oil and other stationary sources fuels, from the renewable diesel credit provision and limit the \$1.00 renewable diesel tax credit to just ASTM D975 (transportation fuels). We oppose this decision.

Several Northeastern states have mandated the use of renewable fuels in public buildings and proposed state-wide renewable fuels requirements for home heating oil and electricity generation. It is important that home heating oil remain eligible for the full \$1.00 renewable diesel tax credit to ensure the success of these state and local initiatives.

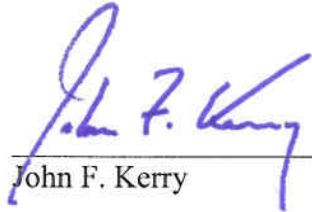
Renewable diesel fuel that meets D396 standards, as well as applicable Clean Air Act requirements, is considerably cleaner and less polluting than the petroleum or carbon-based fuel it is displacing. Moreover, in many cities, stationary sources produce up to 70 percent of greenhouse gas emissions and are a more significant environmental danger than mobile sources. There is also very little difference in the cost of transportation versus home heating fuel that would justify providing the credit to just transportation fuels.

When the Senate Finance Committee first addressed this issue last year in the energy bill, the Committee's proposed extension of the renewable diesel credit continued to cover home heating oil, ASTM D396. Similarly, when the Committee reported out the tax title of the farm bill, which passed the Senate, the renewable diesel credit provision covered both stationary and mobile sources. As you know, last year, during negotiations on energy tax legislation, the Senate Finance Committee agreed to the House position on renewable diesel. However, that agreement did not pass the Senate. We urge you to maintain the position that has passed the Senate repeatedly, which provides parity between transportation fuels and home heating oil in the


renewable diesel tax credit provision. This will avoid making it more expensive for those communities seeking to use more renewable energy to heat their homes, buildings, industrial sectors or in their power plants.

Thank you for your consideration of this request.

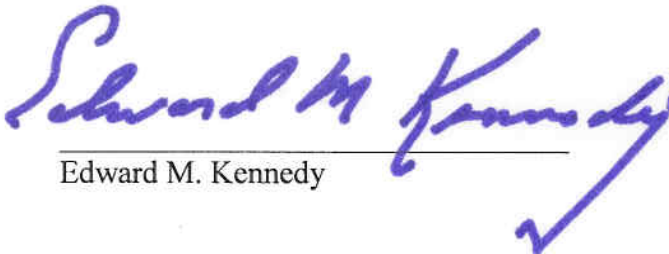
Sincerely,




John F. Kerry



Susan M. Collins



Edward M. Kennedy



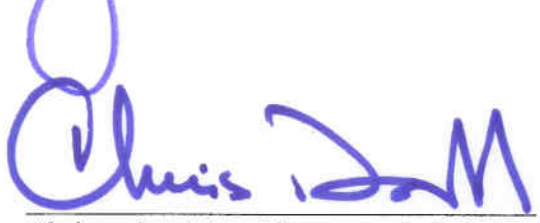
Charles E. Schumer



Jack Reed



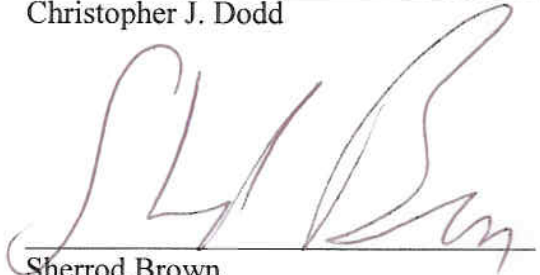
Sheldon Whitehouse



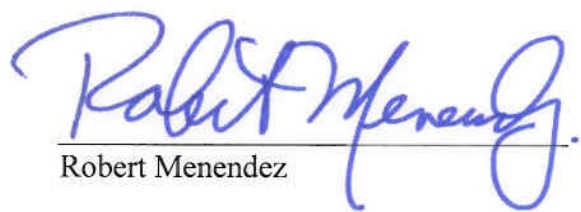
Christopher J. Dodd



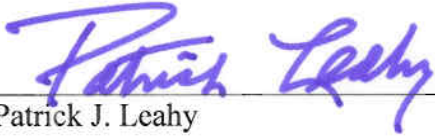
Joseph I. Lieberman



Sherrod Brown



Robert Menendez



Patrick J. Leahy
