

The Farm Bill Energy Title: Progress and Prospects for Reauthorization

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Discussion Overview

- About the Environmental Law and Policy Center
- Key Farm Bill Energy Title Programs
- Vision and goals for the next Farm Bill



About the Environmental Law and Policy Center

- **Greater Midwest environmental and clean energy policy and advocacy group**
 - Works with Mississippi Alternative Energy Enterprise, Farm Bureau, Southern Alliance for Clean Energy, others.
- **Advocacy, policy research and action**
 - Farm Bill – clean energy development
 - Sustainable energy policies
 - Economic development and environmental progress
- **Studies and Analysis**
 - Repowering the Midwest/Job Jolt
 - WTO Legal Impacts on Commodity Subsidies
 - Section 9006 Success Stories report (available at www.farmenergy.org)



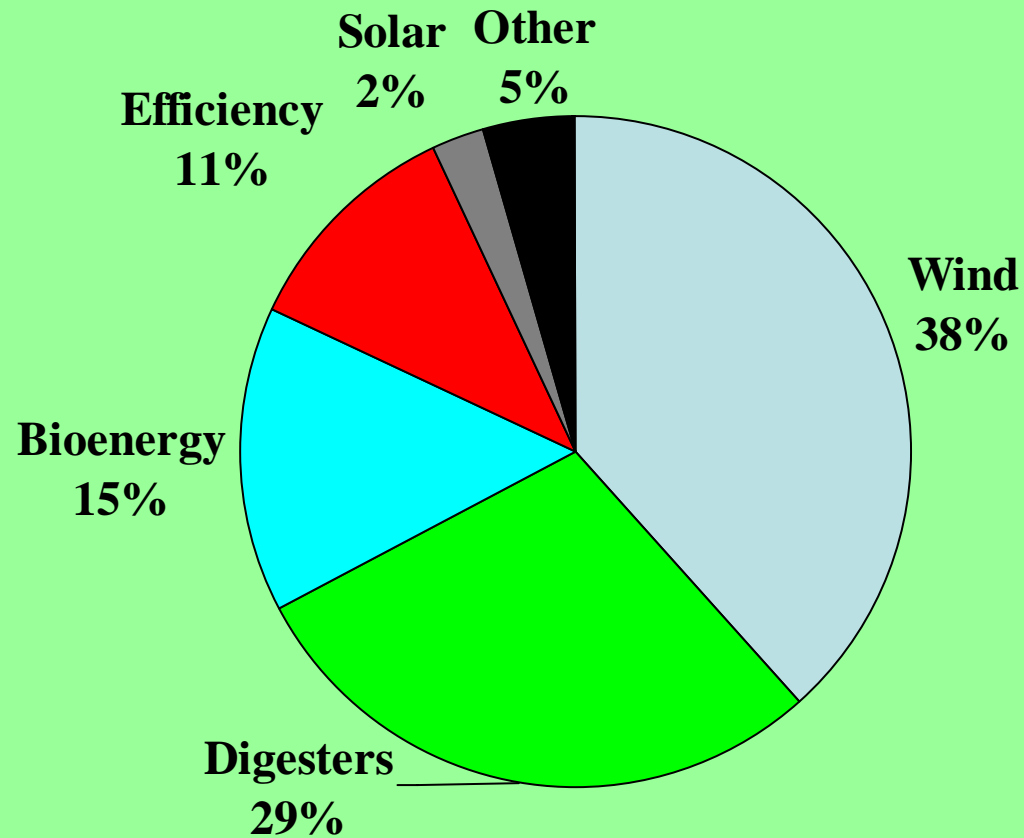
2002 Farm Bill Energy Title Programs

- Farm Based renewable energy and energy efficiency (Section 9006) (\$23 million/year).
- Biomass research (Section 9008) (approx. \$14 million/year USDA share).
- Federal biobased products preference (Section 9002) (\$1 million/year).
- Biodiesel fuel education program (Section 9004) (\$1 million/year).



Recap of Section 9006 Progress

**Cumulative Grant Awards by Technology
2003-2006**



Recap of Section 9006 Progress

- Since 2003:
 - \$115 million in grants and loan guarantees
 - 800 projects
 - Worth \$1 billion.
- Applications continue to outpace funding by a 3 to 1 margin.



Recap of Section 9006 Progress

When completed, the projects from 2003 to 2006 will result in:

- 170 million gallons annually of biofuels.
- Millions of dollars in energy efficiency savings
- 330+ megawatts of wind power and other renewable energy
- 1.4 million tons of annual CO₂ reductions



Mississippi Section 9006 Project Summary

Technology	Number of Projects	Total Grants
Energy Efficiency	67	\$2.5 million
Biofuels/Biomass	3	\$485,000
Solar	1	\$50,000



Mississippi Poultry Producers

- Largest Ag Sector in the State
- Contract Growers
- Energy is Primary Controllable Expense
- Collaboration between MS State, Poultry Association and Southwest RC&D (workshops, audits, application assistance)
- Result: 37 awards for building improvements in 2004, 20 in 2006



Vision for the 2007 Farm Bill

- Improve and expand existing programs.
 - *Renewable energy/energy efficiency incentives.*
 - *Biorefineries.*
 - *Biobased products.*
 - Accelerate production and use of energy crops.
- Promote wind-centric transmission access improvements.
- Better research.



Expand and Improve Section 9006 Program

- Expand funding to \$250 billion per year by 2012.
- Rebate program for small energy efficiency and renewable energy investments.
- Fix the PTC “haircut” penalty.
- Boost loan guarantees for cellulosic ethanol plants to \$100 million and \$25 million for other projects.
- Key program for reaching “25 x `25” goals.



Section 9005 Reducing Energy Costs for Farmers

- Cost-effective and quick energy cost relief.
- Grain drying, process heat, irrigation, solar, small wind.
- Create extension-based programs to encourage low-till and precision agriculture, integrated pest management, biodiesel use, and other fuel savings opportunities.
- Need better knowledge of opportunities and education.
- \$25 million by 2012.



Accelerate Production of Energy Crops

- Provide a comprehensive suite of WTO “green box” crop incentive programs.
- Get crops planted: Expand Section 9008 to include multi-year trial plantings of energy crops to be used at existing boilers.
- Develop the feedstock production pipeline through transitional feedstock incentives to farmers.
- Research and Development throughout fuel cycle (planting and harvest, transport and storage, use).



Support Cellulosic/Sustainable Ethanol Development

- Refocus Bioenergy program on cellulosic ethanol expansion (may be at grain ethanol plant).
- Focus resources on incenting biomass-fired ethanol plants.
- Consider additional incentives for local ownership.



Reality Check

Fact: The food and livestock industries are concerned about high corn prices resulting from ethanol demand.

Fact: The oil industry is very wary of ethanol.

Fact: The Ag budget will be extremely lean.

Fact: Many interest groups have competing agendas.

So, a strong Farm Bill clean energy coalition is critical to avoid a zero sum outcome!



Farm Bill Reauthorization Progress

- Senate and House Ag Committees are holding Washington and field hearings.
- Senate (Harkin/Chambliss) – rough marker bill by Summer.
- House (Peterson/Goodlatte) – marker bill in May.
- Floor action late summer
- Conference in August/early September.
- Passage and enactment by September 30.



Key Drivers

- Budget – combination of deficit and declining Title I commodity subsidies
- Speciality crops
- Biofuels and other energy incentives
- No major pressure for reform
- Election realignment
- Timing – off to a late start
- Administration's proposal – payment cap, other ideas.



Election Realignment

- Southern states – still major influence on Ag Committees.
 - Senate: Cochran, Chambliss, Graham.
 - House: Dems include McIntyre (NC), Etheridge (NC), Scott (GA), Marshall (GA), barrow (GA), Mahoney (FL); Repubs include Goodlatte (VA), Everett (AL), Hayes (NC), Bonner (AL), Rogers (AL), Boustany (LA), Foxx (NC).
- South + Midwest = Winning Energy Coalition.

