

Farm Bill Clean Energy Title

Presentation to the
Regulatory Initiatives Workgroup of
Governor Jim Doyle's
Task Force on
Energy Efficiency and Renewables

Andy Olsen

Policy Advocate

Environmental Law and Policy Center



ENVIRONMENTAL LAW & POLICY CENTER

ILLINOIS INDIANA MICHIGAN MINNESOTA OHIO WISCONSIN

The Environmental Law & Policy Center is the Midwest's largest environmental legal advocacy and eco-business innovation organization.

We believe that Economic Development and Environmental Protection go Hand in Hand

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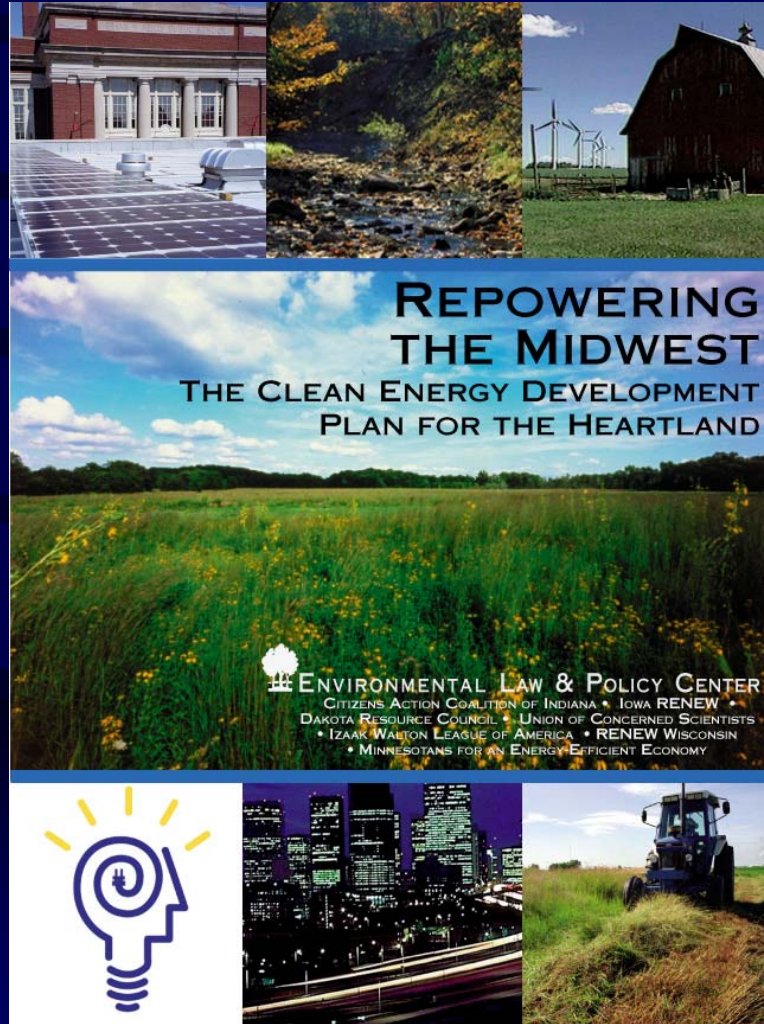
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Presentation outline

- Summarize ELPC *Repowering* and *Job Jolt* studies
- Farm Bill Clean Energy Title status
- Future of Farm Bill Clean Energy Title

Repowering the Midwest



Why Repowering?

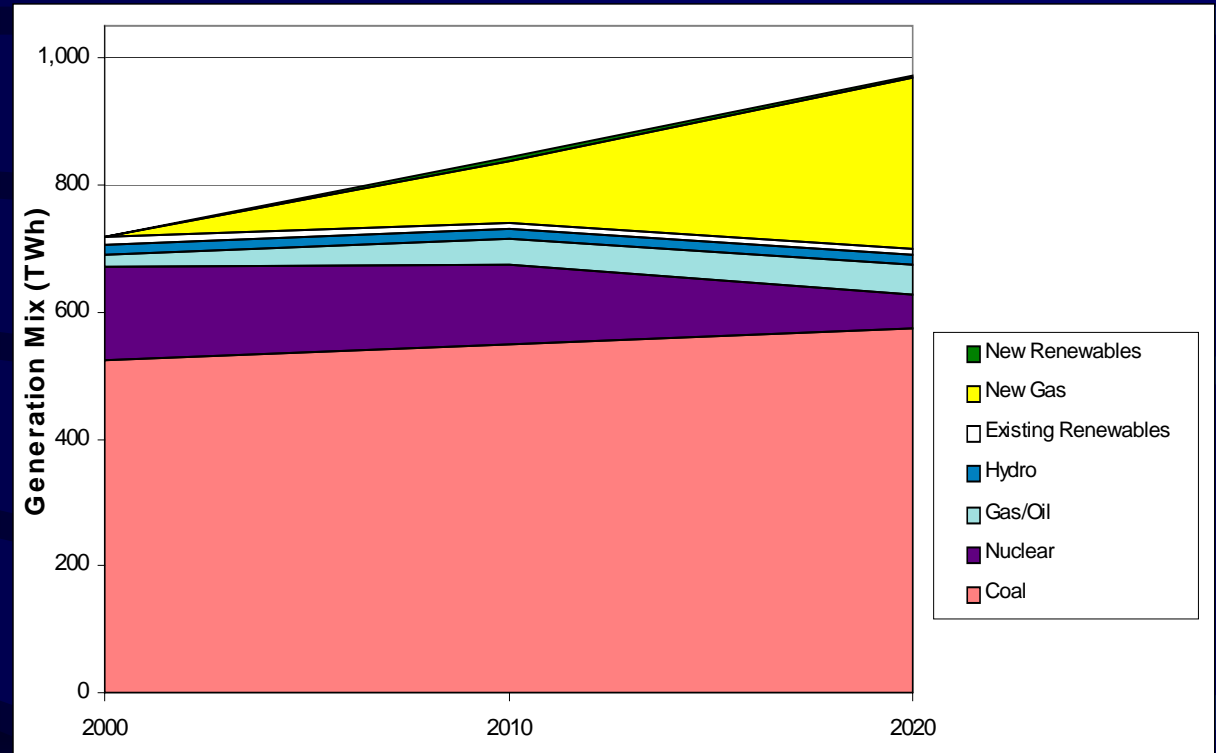
- Relying on 1950's power plant technology to meet 21st Century energy needs causes too much pollution
- Clean Energy Cash Crops grow the economy *and* protect the environment
- Win-Win-Win for farmers, rural economic development and the environment



Business as Usual (BAU)

Midwest Region

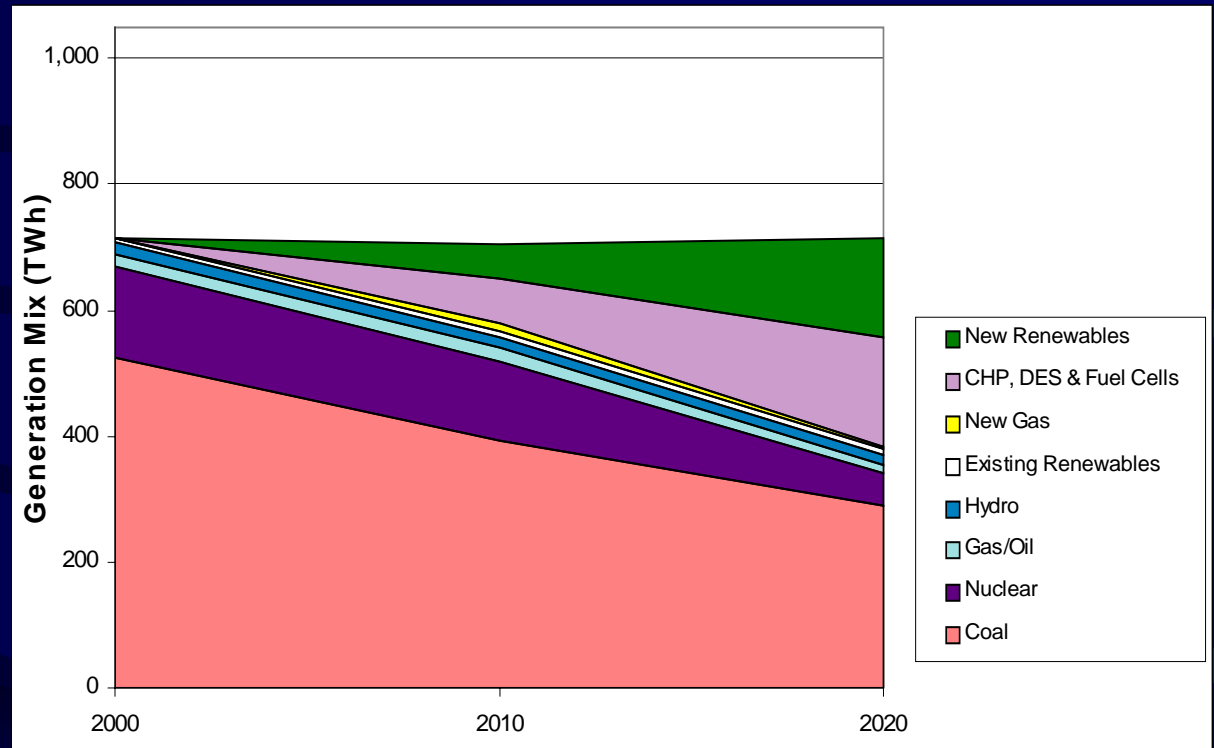
- Electricity demand increases annually
- Large additions of natural gas capacity to meet demand:
price volatility
- Coal plants increase output



Under the Clean Energy Development Plan:

Midwest Region

- Electricity demand decreases
- New renewables increase -- 8% of generation by 2010 and 22% by 2020
- Fewer new gas plants
- Some high polluting coal plants retired



Regional Economics Applications Laboratory

JOB JOLT -- Midwest

Net New Jobs and Economic Gains

	Net Job Growth		Economic Output	
	2010	2020	2010	2020
Energy Efficiency	84,000	141,000	\$7.0 Billion	\$12.6 Billion
Renewables	37,000	68,000	\$3.6 Billion	\$6.7 Billion
TOTAL	121,000	209,000	\$10.6 Billion	\$19.4 Billion

Wisconsin: Net New Jobs & Economic Gains

Initiative	Net Job Growth		Economic Output	
	2010	2020	2010	2020
Efficiency	3,899	7,417	\$126 Million	\$268 Million
Renewables	3,230	6,350	\$260 Million	\$610 Million
TOTAL	7,129	13,767	\$386 Million	\$878 Million

Farm Bill

New Clean Energy Programs

- Win for agriculture: Farm income strategy.
- Win for rural economic development: jobs, diversified and strengthened farm income.
- Win for environmental progress; clean air and water.

Clean Energy Developments in the 2002 Farm Bill

- Energy Title IX: \$400+ Million over 5 years (if fully funded)
 - Half for direct financial assistance to farmers, ranchers, and rural small businesses for renewable energy and energy efficiency investments
 - Half for Commodity Credit Corporation Bioenergy Program
- Conservation Title II: Windpower and Biomass Energy Development on CRP lands
- Rural Development Title VI: Renewable Energy Development Eligible for Grant and Loan Programs
- Research Title VII: Energy Efficiency Now Supported

“Clean Energy Title” of Farm Bill 2002

Key areas

§ 9005, Energy Audit and Renewable Energy Development Program

§ 9006, Energy Efficiency and Renewable Grants and Loans

§ 9002, Federal Procurement of Biobased Products

§ 9003, Biorefinery Development Grants

§ 9010, Bioenergy Payment Support Program

§ 2101, Use of CRP Land for Energy Crops and Wind Turbines

§ 6013, Renewable Energy Systems Eligible for USDA RD loans

Section 9005: Assessments and Energy Audits

- Section 9005 - Energy Audit & Renewable Energy Development Program.
- Key to start getting projects in pipeline for 9006 funding.
- Authorized in Farm Bill.
- Funding is subject to appropriation, but funding has not yet been provided.
- As a result, Focus on Energy audits and assessments help Wisconsin compete for grant funds.

Section 9006: EE/RE Grant Program

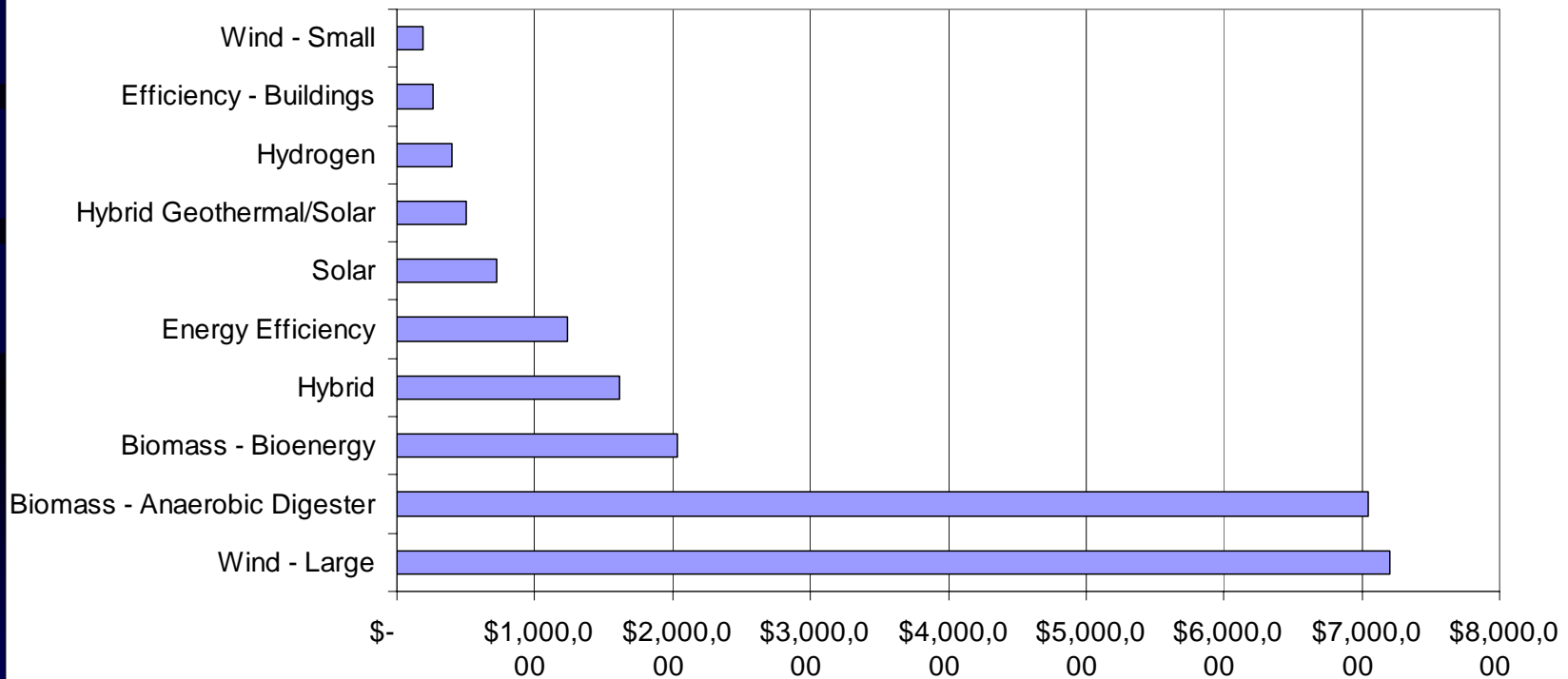
- USDA makes low-interest loans, loan guarantees, and grants to *farmers, ranchers, and rural small businesses* for renewable energy and energy efficiency improvements.
- Grants up to 25% of project cost, and a combined grant and loan or loan guarantee up to 50% of project cost.
- \$23 million authorized per year for 2003-2007

Section 9006: Year One: 2003

- \$21.2 million for 113 projects in 24 states.
- Leveraged well over \$100 million in private investment in wind power, anaerobic digesters, energy efficiency, ethanol, solar and other projects.
- Wisconsin came in fifth, at \$1,715,610.
- Eleven projects in Wisconsin in 2003: All anaerobic digesters.

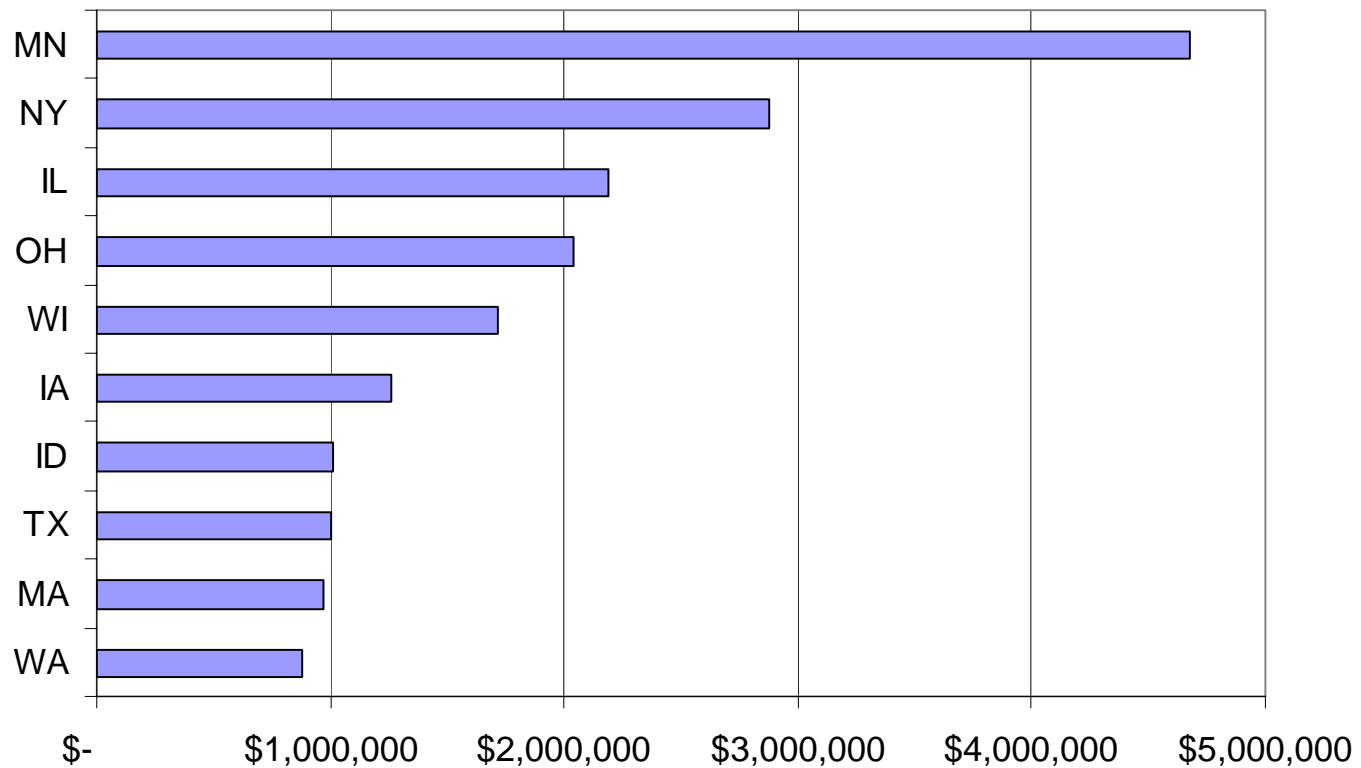
Section 9006: 2003 Awards by Technology

2003 Section 9006 Awards



Section 9006 2003 Awards Top Ten State

Total 2003 Awards by State



Section 9006: Second Year

- Program Changes
 - Minimum grants of \$2,500, down from \$10,000.
 - Feasibility studies are required only for renewable energy projects with funding requests over \$50,000.
 - Small Producers: Additional points will be awarded for all applicants with gross agricultural receipts less than \$1 million.
 - Technical Requirements: New specific technical requirements for each type of renewable energy system.
- DATCP, Focus on Energy and USDA promoting in Wisconsin.

Section 9006: Future

- President Bush's budget proposes cutting program to \$10.8 million for 2005.
 - Fluctuating funding undermines our national commitment to energy independence/clean energy. Must defend funding.
- Program implementation and outreach activities to continue by USDA, state agencies and nonprofits.
- Continue to seek streamlined applications and earlier application period from USDA (before growing season).
- Seek rulemaking.
- How to respond to Mad Cow digester pilot program?
 - Loan guarantees for “use of livestock as a raw material.”

Conservation Title Section 2101

- Biomass and wind turbine installations are allowed on Conservation Reserve Program lands.
- Biomass harvesting must be consistent with soil, water quality, and wildlife habitat conservation.
- CRP payments to be reduced with biomass production; scale of reduction not yet clear.
- Improves economics of both soil conservation and rural renewable energy sources.

Renewable Energy Benefits to Agricultural Community

- More jobs
- Reduced operating costs for farms with efficiency.
- Diversified income with new “cash crops”
- Wind power development leads to fixed lease payments – a reliable revenue stream that doesn’t follow commodity prices.
- Energy crops remove cropland from food commodity production.
- Reduced exposure to fuel price volatility.

Future of the Farm Bill Clean Energy Title

- Improved implementation, outreach and funding for 2002 Farm Bill Titles.
- Must make existing programs as successful and effective as possible.
- While Energy Bill is stalled, FBCE proceeds.
 - \$400+ Million over 5 years (if fully funded)
- Outreach to farm and citizen groups.

Future of the Farm Bill Clean Energy Title

- 2007 Farm Bill Reauthorization is target. Tough budget fights.
 - Commodity Subsidies Vulnerable Under GATT.
 - Environmental subsidies are “Non-GATT” and can increase farm income if expanded in 2007 farm bill.
- Must build alliances and partnerships.
- Midwest/Great Plains -- Big Winner and key players
 - Section 9006 -- \$13M out of \$22M in FY 2003
 - Tremendous renewable energy resources
 - Key Congressional players.

Key Supporters for 2002 Farm Bill Clean Energy Title

- Wisconsin Environmental Decade (Now Clean Wisconsin)
- Wisconsin Energy Corporation (Now WE Energies)
- Wisconsin Federation of Cooperatives
- RENEW Wisconsin
- Agribusiness Council
- Alliant Energy
- Iowa, South Dakota, North Dakota Farm Bureaus
- American Corn Growers Association
- Bipartisan support in Congress

CONCLUSION

Clean Energy Development
Means
New Jobs and Economic Growth

Good for the Environment
and Winnable Politics