Agriculture Leader Clean Energy Dialogue
July 22, 2011

Principles and policy planks for building livestock demand/profitability and the continued development of the nation’s biofuel industry.

Over the past year a group of leaders and staff from a diverse group of commodity crop, animal agriculture and general farm organizations have been engaged in an ongoing dialogue exploring the interconnections between food, energy, national security and environmental policies; things that need to happen internally and externally for the ag sector to capitalize on emerging opportunities in a global new energy future; and steps/actions the sector must take to influence and shape needed enabling public policy. A primary area of focus for this dialogue, which was facilitated by 25x’25, has been federal biofuel policies and policy measures that will help ensure that America’s energy future is sustainable for both grain and livestock producers. Through the dialogue participants reaffirmed the interdependent nature of their relationship and committed to work to find common ground on enabling federal policies that would benefit both grain and livestock farmers.

The dialogue resulted in agreement on a set of Guiding Principles that should be used in shaping federal energy policy. Participants agreed that going forward energy policies must:

- be transparent;
- be shaped by national security demands;
- be framed in a context of economic opportunity across the board;
- increase renewable energy production;
- provide economic opportunities for livestock and commodity producers;
- ensure that one sector does not benefit at the expense of another;
- be economically viable, environmentally sound, and socially acceptable;
- provide open and fair access to markets;
- help producers manage risk;
- reward solutions that improve human health;
- minimize/reduce price volatility long run;
- help manage volatility in the short run;

Participants also discussed a set of “Policy Platform Planks” which seek to ensure access to energy markets; level the energy playing field and provide protection against price volatility; open more land to sustainable food and energy feedstock production; create new and expand current markets for biofuel and livestock producers; improve energy efficiency; and provide important incentives for animal agricultures’ distributed energy generation projects. The following policy planks represent the majority thinking of the dialogue participants who encourage renewable energy producers and policy makers to consider their inclusion in future federal energy policies.

- Open more land to sustainable food and feedstock production by:
  - tightening CRP enrollment criteria; allowing early outs for land that can be returned to production in an environmentally sound manner; and targeting funds to environmentally sensitive lands;
  - ensuring that any environmentally sensitive land that comes out of CRP is farmed under best management practices that control erosion, protect water quality and wildlife habitat;
removing the EISA provision which eliminates land without certain cropping history from being an eligible source of biofuel feedstocks;
- allowing sustainable production of livestock and biofuel feedstocks on public lands.

- Support technologies and policy tools such as clean and renewable energy standards, incentive policy payment mechanisms, and properly constructed power purchase agreements which:
  - expand opportunities for distributed energy generation solutions;
  - create long term market certainty;
  - provide fair, timely, safe and economically viable access to the grid.

- Expand federal on farm energy efficiency and conservation programs to help reduce the need for additional generation and reduce farm operating costs.

- Expand research to:
  - develop and deploy integrated unit processes for manure and poultry litter to produce energy and simultaneously accomplish nutrient reduction objectives;
  - ensure that all drivers of land use change are assessed when completing life-cycle analysis (LCA) of energy production systems.

- Maintain the current federal Renewable Fuel Standard;

- Restructure the current Volumetric Ethanol Excise Tax Credit by:
  - immediately terminating the current 45 cent per gallon blenders credit and 54 cent per gallon import tariff and redirecting savings to reduce the federal deficit and support biofuel infrastructure development (blender pumps, pipelines etc.);
  - establishing a counter-cyclical mechanism that would provide benefits to biofuel producers when the effective price of oil falls below a predetermined floor target price.

The dialogue also produced a list of topics which require additional discussion and analysis of policy options. Items in this category include:
- trade agreements and the removal of barriers to global markets for animal agriculture and energy producers;
- improving access to capital through mechanisms like the proposed Clean Energy Trust Fund;
- trading subsidies for regulatory relief;
- opportunities to use clean energy solutions to address human health challenges.

**Dialogue Participants**

- American Farm Bureau Federation
- American Farmland Trust
- American Soybean Association
- National Association of Conservation Districts
- National Cattlemen’s Beef Association
- National Corn Growers Association
- National Farmers Union
- National Institute for Animal Agriculture
- National Milk Producers Federation