Energy, Carbon Policy Study from 25x'25 Alliance Shows RES Benefits to Farmers, Ranchers, Forestland Owners

Kansas City, MO (Nov. 11, 2010) – Farmers, ranchers and forestland owners would stand to gain significant and widespread economic benefits if a properly constructed Renewable Electricity Standard is implemented on top of the Renewable Fuels Standard set by federal energy legislation in 2007. The findings come in a University of Tennessee Bio-based Energy Analysis Group study commissioned by 25x'25 and released today at the National Association of Farm Broadcasting convention in Kansas City, MO.

The study, Implications of Energy and Carbon Policies for Agriculture and Forestry Sectors, found that an RES could generate $14 billion in accumulated additional revenues for agriculture and forestry, increasing the demand for and production of dedicated energy crops for biomass feedstocks. And while that would cause shifts to more intensely managed pasture land, University of Tennessee researchers predict that forest residues, thinnings and tree harvest will play a significant role in meeting those feedstock demands. There would be no significant changes to commodity cropland use, or crop and livestock prices. Since both prices and production increase over time for beef, pork, and poultry, gross returns will also increase.

The study goes on to show that a Renewable Electricity Standard could create an additional $215 billion of additional economic activity, more than 700,000 jobs, and $84 billion to the nation’s GDP.

The study evaluates a 25-percent RES to be met by 2025. However with exceptions for small power retailers, hydropower sales, municipal solid waste sales and energy efficiency credits, the effective RES is 17 percent by 2025. Issues of grid access and infrastructure needs were not addressed in the study.

The study goes on to show that similarly positive benefits occur if a carbon payment mechanism is added to the RFS and RES. This policy component would provide revenues for practices that reduce greenhouse gases, such as conservation tillage, bioenergy crop production, afforestation, grassland management and methane capture. Income from payments for reducing greenhouse gas emissions, together with market revenues, would be higher than any potential increase in the cost of inputs, including energy and fertilizer. Under this scenario, the net returns to agriculture climb to $57 billion more than the RFS alone. The national impact is equally significant, adding $226 billion in economic activity, 800,000 jobs and $87 billion to the nation’s GDP.

"With U.S. energy demand expected to grow by 14 percent by 2035, it is important to examine ways of dealing with that growth that, at the same time, can allow us to reduce our dependency
on foreign oil, boost our economy and enhance our environment," says Richard Hahn, former president of National Farmers Company and chairman of the 25x'25 economic analysis work group. "By asking the University of Tennessee to undertake this study, additional information on possible solutions to our energy needs is being brought to the attention of policy makers and stakeholders."

"This study provides good information in preparation for what is expected to be the next round of state and national energy legislation," says Bart Ruth, past president of the American Soybean Association and 25x'25 policy chairman. "It's the kind of information that can be used by policy makers in developing what is an absolute priority for a clean energy future – a carefully constructed energy strategy, complete with long-term incentives and programs. A comprehensive and stable energy policy is necessary to get the most out of what America's farms, ranches and forestlands have to offer to a clean and economically viable energy future. A properly constructed RES could be an integral component of such a strategy."

To read the report, click HERE.

To read the Executive Summary of the report, click HERE.

To read the Key Findings of the report, click HERE.

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25x'25 is a diverse alliance of agricultural, forestry, environmental, conservation and other organizations and businesses that are working collaboratively to advance the goal of securing 25 percent of the nation’s energy needs from renewable sources by the year 2025. 25x'25 is led by a national steering committee composed of volunteer leaders. The 25x'25 goal has been endorsed by nearly 1,000 partners, 33 current and former governors, 15 state legislatures and the U.S. Congress through The Energy Independence and Security Act of 2007. 25x'25 is a special project of the Energy Future Coalition (EFC). The EFC is a broad-based non-partisan public policy initiative that seeks to bring about change in U.S. energy policy to address overarching challenges related to the production and use of energy.