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Renewable Energy Standard to add \$13.5 bil. to farm income

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In a Capitol Hill briefing for congressional staffers Friday, a coalition of research and farm organizations released a University of Tennessee analysis showing “significant market opportunities for agriculture if Congress enacts a national Renewable Energy Standard (RES) policy.”

The new economic study from the University of Tennessee’s Bio-Based Energy Analysis Group forecasts that with a 25% RES policy in 2025, “increases in gross receipts range from \$9,419 per farm in Florida, \$11,283 per farm in Colorado, \$16,028 per farm in North Carolina, and \$43,229 per farm in Kansas.” The briefing on “New Markets and Opportunities for Agriculture in Colorado, Florida, Kansas, and North Carolina: An Economic Analysis of a Federal Renewable Portfolio Standard,” was sponsored by Sen. Byron Dorgan (D-ND) and the Union of Concerned Scientists and included speakers from the National Farmers Union (NFU) and the National Milk Producers Federation (NMPF).

According to the study, in addition to the new income for farmers from selling biomass for bioenergy production, a national RES would generate rural jobs. “A federal RES policy has the potential to create thousands of new jobs,” says study co-author and UT Professor Dr. Burton English. “And these jobs are diverse, driven not only by the build-out of new energy infrastructure, but also are jobs associated with growing the biomass that will fuel power plants.”

The study notes that new bioenergy generation could include not only using crop residues and dedicated energy crops but also wood and livestock wastes. It concludes that “The largest annual operating economic impacts are projected to be derived from direct fire of dedicated energy crops and wood wastes.”

By state per year, the report finds that by 2025 with a national RES:

- For Colorado, “There is a net estimated impact of about \$1.7 billion in 2025 under the CO RES, about \$2.6 billion under the 25% RES.”
- For North Carolina, “There is a net estimated impact of close to \$4.5 billion under the 25% RES, with \$1.6 billion of that impact occurring from agricultural and forest activities.”

- For Kansas, “The net projected economic impact for 2025 is just over \$4.9 billion per year.”
- For Florida, “The net projected economic impact exceeds \$9 billion in 2025.”

Commenting on the study findings, Union of Concerned Scientists (UCS) Field Coordinator Ben Larson said that a national RES would create “sizeable new markets for farm-based biomass, ranging from manure, residues like straw and stover, to new energy crops like switchgrass.” He said UCS research shows that a 25% RES “would create jobs, lower consumer energy bills in every region of the country, and reduce carbon dioxide and other harmful emissions from power plants.” As an additional benefit, he said that for agriculture, with a 25% RES “farmers, ranchers and landowners who produce biomass energy and/or lease their land to wind developers would earn \$13.5 billion in new income,” with \$11.9 billion of that from biomass energy income and \$1.6 billion from leasing land for wind turbines.

Larson concluded that “Clearly, agriculture will reap significant benefits from a strong renewables standard and farmers have a clear interest in passing a strong standard.” He said that more work needs to be done because the RES as passed by the Senate Energy Committee includes so many exemptions and “weakening provisions” that it would “effectively lower the standard to below business-as-usual levels.”

NMPF Government Relations & Trade Manager Mary Knigge said NMPF is committed to having Congress enact a strong RES which she said represents a “huge potential” for the dairy industry. She noted that currently there are only 107 biogas digesters on the nation’s 60,000 dairy farms.

NFU President Roger Johnson said that based on the economic growth generated by the current Renewable Fuels Standard, “We think the same kinds of policies make sense for electricity.” He said NFU supports a strong RES to bring about rapid economic growth through requiring power plants to generate an increasing amount of electricity from renewable feedstocks. He explained that just as a national mandate triggered private-sector investment in ethanol, similar investment in biomass electricity will follow “once industry knows there will be a market.”

NFU President Roger Johnson: “. . . it’s a lot easier for a mule to kick the barn down than it is to build a barn.”

Johnson warned, however, that to enact significant renewable energy requirements, the farm sector needs to join forces with other groups “to overcome these natural, very powerful economic forces from the other energy suppliers that are putting energy on the grid.” He said the unfortunate fact regarding passing major legislation is that “in this town, it’s a lot easier to kill something than it is to pass something, we all know that. In agriculture, we say that it’s a lot easier for a mule to kick the barn down than it is to build a barn and the same thing is true here.”

For links to the four-part University of Tennessee study on “Projected Impacts of Proposed Federal Renewable Portfolio Standards” for Colorado (105 pages), Florida (97 pages), Kansas (64 pages), and North Carolina (110 pages), go to: <http://bipartisanpolicy.org/library/research/U-T-RES-Study>