

TESTIMONY OF DUANE GRANT  
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE'S  
SUBCOMMITTEE ON CONSERVATION, CREDIT, ENERGY AND RESEARCH  
REGARDING THE RENEWABLE FUELS STANDARD

JULY 24, 2008

Chairman Holden, Ranking Member Lucas and Members of the Committee, my name is Duane Grant. I farm 18,000 acres of wheat, barley, corn, potatoes and sugar beets near Rupert, Idaho.

I appreciate the opportunity to testify here today on the expanded renewable fuels standard (RFS) included as part of the Energy Independence and Security Act (EISA) and associated issues of interest to agricultural producers.

Passage of the EISA has clearly put us on a path for renewable fuels to make up an ever greater share of our liquid transportation fuel requirements. The extended and expanded the RFS now calls for the blending into our fuel supply of nine billion gallons of renewable fuel in 2008, increasing to 36 billion gallons of renewable fuels by 2022. Of this 36 billion gallon requirement, 21 billion gallons must be advanced biofuels, including cellulosic biofuels and biomass-based diesel.

**Biomass Production**

I think some felt that with passage of EISA and other biofuels-related legislation, farmers would be racing to plant switchgrass or other dedicated energy crops from fence row to fence row. Indeed, it is our hope that these non-food crops eventually provide significant feedstock for second-generation ethanol, along with agricultural residue like wheat straw.

However, despite operating in a very risky business, farmers are generally a very risk-averse group. You're not going to see them rushing to plant any new crop that's never been grown on a commercial scale before in this country and has no direct market already established. Farmers like to work with what they know and while growing switchgrass or other dedicated energy crops may not be rocket science, it may well be soil science or some other cultivation issue that could crop up, so to speak, on a commercial scale. Current high prices for wheat and corn also incentivize producers to stick with what they know.

This, of course, is a short description of the much-touted chicken and egg problem. Without adequate feedstock growing in the field, a refinery won't locate in a given location, and without a refinery to purchase the feedstock, growers will be reluctant to grow it.

I believe this Committee and the Congress recognized this dilemma in the recently enacted 2008 Farm Bill's energy title with the establishment of the Biomass Crop Assistance Program. This program is designed to provide incentives to farmers and

foresters to grow bioenergy crops in a sustainable manner in an attempt to address the issue of who goes first in the development of cellulosic ethanol. This program also provides an incentive for farmers to harvest, store and transport biomass to bioenergy facilities. I encourage you to urge quick implementation of this program.

### **Sustainability**

Central to many debates in agriculture these days is the idea of sustainability. Certainly this means different things to different people, but I would suggest the following as a working definition: sustainability means managing the use, development and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. Utilizing this definition requires that we recognize the interdependence between our economic, environmental and community needs.

So the question is not whether we should produce biomass – or any other agricultural crop – in a sustainable manner, the question becomes how to find a balance between these often competing values. Imagine three overlapping circles – one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability – the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other. These elements – these threads which together weave the fabric of sustainability – are things we hold in common.

Some may say that today these threads are beginning to fray and unravel in ways both large and small. This need not be the case. I have personal experience in an effort where the community came together and balanced the economic, environment and social interests for the greater good. The Iogen Corporation, a Canadian cellulosic ethanol manufacturer, has an interest in building a commercial-sized cellulosic refinery in southwest Idaho. Due to delays in getting a loan guarantee program established at the Department of Energy, the project is currently on hold, but the process those of us in our community have gone through to secure feedstock for the facility is instructive.

The proposed Iogen facility would utilize primarily wheat and barley straw for conversion to cellulosic ethanol. We surveyed growers in the region and found that we were able to obtain somewhere between 600,000 to 800,000 tons of wheat and barley straw under pre-production contracts. We determined that we could remove this tonnage and still retain enough residue on the ground to ensure continued organic matter in the soil to maintain soil productivity. From that standpoint, we believed that we could continue to provide feedstock to a facility that will consume 1,400 to 2,000 tons per day of this agriculture residue in a sustainable manner. All of this was accomplished in association with local community interests and local environmental interests.

By the way, when finally built, this facility will produce between 40 to 60 million gallons of cellulosic ethanol per year and provide 90 full time jobs in addition to 500 construction

jobs for two years, 100 feedstock collecting jobs and 450 spin-off jobs. So we hit all three of my elements of sustainability - economic, environment and community needs.

### **Definition of Renewable Biomass**

I understand that the Committee has some concerns over how renewable biomass is defined in EISA and the general debate over the sustainability of renewable biomass production.

As provided in the EISA, renewable biomass is defined as, "Planted crops and crop residue harvested from agricultural land cleared or cultivated at any time prior to the enactment of this sentence that is either actively managed or fallow, and nonforested."

While I certainly appreciate the Committees interest in providing farmers with the best economic opportunity for growing biomass on any and all land they might have, it may be important to remember the history of farming and cultivation in this country when considering this definition. Farming and cultivation have occurred in this country since well before it became a country, but were revolutionized when John Deere invented the first commercially successful, self-scouring steel plow in 1837.

Using tools like the steel plow and its predecessors, horse- or mule-drawn implements, settlers opened vast acreages wherever they could plow. Over time, much of the less desirable land was subsequently removed from intensive agriculture and has reverted to livestock, native vegetation or in other ways become fallow. I believe that, as the market for biomass feedstock develops, farmers may find it ideal to concentrate on opportunities for growing biomass crops on land which is marginal for high input cost row crops but often ideally suited for dedicated perennial biomass crops.

Having said this, I find it interesting to note that the definition of renewable biomass contained in the recently enacted energy title of the Farm Bill seems to contain no such restriction to prior cleared or cultivated land. Perhaps USDA should be encouraged to work with the Environmental Protection Agency through memorandum of understanding or some type of joint rulemaking to harmonize the potentially competing definitions.

### **Lifecycle Greenhouse Gas Emissions**

The RFS also requires the EPA administrator to take into consideration lifecycle greenhouse gas emissions including all stages of fuel and feedstock production. I and my fellow agricultural producers have questions about how this requirement will be executed and what it will mean for our renewable fuels feedstock and food crop production. For instance, how will these determinations be made at the farm gate level? Will lifecycle GHGs also be considered for non-feedstock production? The answers to these questions have serious implication for crop production in this country, and we encourage you to continue to seek information and provide guidance as appropriate to the EPA as they undertake this process.

And when it comes to agricultural residues, am I now going to be somehow penalized for growing a crop of wheat or barley? And if I decide to not sell my straw to Iogen, am I then off the hook?

**Conclusion**

In conclusion, I would like to reiterate my personal support for the renewable fuels standard and increased production of renewable fuels, especially cellulosic ethanol. We are already seeing positive effects from this home-grown fuel in an increased fuel supply that is keeping gas prices lower than they would have ordinarily been if we are reliant only on oil. Expansion of this industry has provided and will continue to provide important economic advantages to rural communities, in many cases revitalizing areas through value-added production. The RFS is essential to the continued growth of this industry, and I urge you to oppose in the strongest possible terms any effort to reduce its influence.

This concludes my testimony, and I thank you again for the opportunity to be here today. I'm happy to answer any questions you may have.