



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

April 30, 2007

Dear Chairmen and Ranking Members:

I am pleased to share with you legislative language to implement the energy provisions of the President's proposal for the 2007 farm bill. We have been asked by Members and staff to provide a draft for their consideration.

I believe that our comprehensive proposals can be the building blocks for a farm bill that is more equitable, predictable, and better able to withstand challenge. More specifically, the energy proposals expand the Federal research focus on renewable fuels and bioenergy and reauthorize, revise, and expand programs that provide valuable tools for the advancement of renewable energy production and commercialization.

The enclosed legislative language would establish a program to invest \$25 million a year for 4 years for incentives to encourage the development and expansion of cellulosic ethanol production. In addition, the Department of Agriculture is proposing to reauthorize the BioPreferred Program and to provide \$18 million over 10 years to expand the use of biobased products by the Federal government and to speed the development and adoption of these products in the private sector.

Other energy provisions will be included in the following parts of the Department's farm bill proposal:

1. The biomass reserve within the Conservation Reserve Program (CRP) has been included within the proposed Conservation legislation.
2. Reauthorization of the Renewable Energy Systems and Energy Efficiency Improvements grants, loan, and loan guarantee programs and providing the estimated \$2.17 billion of cellulosic ethanol loan guarantees and the \$500 million for grants are contained in the proposed Rural Development legislation.
3. Revising the Biomass Research and Development Act of 2000 and providing the \$150 million for grants focusing on cellulosic ethanol production are contained in the proposed Rural Development legislation.
4. A Bioproducts Research Initiative providing \$500 million in grants to increase the cost-effectiveness of bioenergy will be contained in the proposed Research legislation.
5. Providing \$150 million for Forest Service research into better ways to utilize woody biomass for the production of bioenergy will be contained in the proposed Forestry legislation.

Chairmen and Ranking Members

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I have consulted with the Office of Management and Budget and can represent that the attached proposal is in accordance with the program of the President.

I appreciate your consideration of the legislative language that correlates with our 2007 farm bill energy proposals, and I would be happy to further discuss these proposals with you, or any Member of Congress, and to answer any questions you might have.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Johanns". The signature is written in a cursive style with a prominent initial "M".

Mike Johanns
Secretary

Enclosures