



FAST FACTS

Agriculture-Based Energy: America's Domestic, Renewable Supply

Issue. America's abundant, affordable domestic energy resources are the traditional foundation of its strong economy. Fossil fuels such as oil, natural gas, and coal are our dominant fuels. Today, however, the U.S. imports 60 percent of its oil and, with demand growing, more and more oil is coming from politically unstable regions of the world. Increased global demand and tight supplies, volatile and uncertain markets, and increased regulation are causing oil prices to soar. The U.S. trade deficit rose almost 20 percent in 2005 alone due largely to increases in the price of oil. High demand for natural gas and tight supplies have more than doubled its price over the last five years. Analysts are projecting that energy prices will remain high well into the future.

Security, economic, and environmental concerns are causing policymakers, industry and consumers to rethink the U.S. energy mix. The responsible development of cost-effective renewable energy can lessen America's energy dependence, particularly in the area of transportation fuels. Although fossil fuels will remain a major part of America's fuel supply for years to come, new domestic renewable energy resources can help diversify our energy supplies, and reduce more dependency on foreign sources of oil.

The use of renewable resources can also benefit our environment and assist rural economies throughout much of the U.S. Currently, we are producing over 4 billion gallons of corn-based ethanol annually and production of biodiesel from soybeans is increasing as well. With breakthroughs in production technologies, the Department of Energy estimates transportation fuels like ethanol produced from biomass (agricultural residues and wood) could displace 25 to 30 percent of U.S. petroleum imports and move the nation closer to achieving the goal of reducing the nation's energy dependence. With incentives to advance more technological breakthroughs over the next two decades, hydro, solar, wind, biomass, geothermal and other energy resources that naturally replenish, utilize residual materials or recycle waste are all essential technologies to reach this vision.

Rural America has the potential to supply an increasing and substantial percentage of America's energy needs. The Ag Energy Work Group – a group of agriculture and forestry leaders – has developed a bold vision for rural America to expand its role as a domestic energy producer and help secure our energy future:

By 2025, America's working lands will provide 25 percent of the total energy consumed in the United States while continuing to produce abundant, safe and affordable food, feed, fiber and fuel.

The 25 x '25 vision has gained endorsements from within the agriculture and forestry communities and now has over 650 partners, including NRECA. Twenty-one Governors (MT, PA, IN, MN, NE, KS, IA, MI, WI, VT, NH, VA, CA, IL, NM, AL, ID, SD, TN,, CO, ND, GA) have endorsed the vision and 12 state legislatures (CO, MS, MT, NE, KS, VT, FL, ND, GA, AL, LA, GA) have adopted resolutions supporting the 25 x '25 vision.

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The Energy Policy Act of 2005 authorized a broad suite of technology research, development, demonstration, and deployment programs and incentives for development of renewable energy resources, including Clean Renewable Energy Bonds. The 2002 farm bill contained the first-ever energy title, with incentives for renewable energy systems and energy efficiency improvements (Section 9006). Fully funded and implemented, these programs are a major step toward developing new domestic energy resources. To accelerate the nation's drive toward energy independence, President Bush has set a national goal of replacing more than 75 percent of our oil imports from the Middle East with domestic energy sources by 2025.

In June 2006, House and Senate leaders introduced "Sense of the Congress" resolutions endorsing the vision that by the year 2025, agriculture (including farms, ranches, forests, and other working land resources) will provide 25 percent of the energy consumed in the U.S. The House Agriculture Committee reported out House Concurrent Resolution 424 with a favorable recommendation on September 21. The Senate Agriculture Committee approved Senate Concurrent Resolution 97 in October. However, these resolutions did not reach the floor before the 109th Congress adjourned.

In January 2007, House and Senate leaders reintroduced "Sense of the Congress" resolutions (House Concurrent Resolution 25, Senate Concurrent Resolution 3) endorsing the 25 x '25 goals. In late February 2007, the Ag Energy Work Group delivered the 25 x '25 Action Plan to Congress. The Action Plan outlines 35 initial steps toward the 25 x '25 goal. The plan calls for technology-based incentives – not mandates. The Senate included its resolution in the renewable energy bill (H.R. 6) passed on June 21. The House passed its resolution by a voice vote on October 16.

Status. Senate 25 x '25 resolution passed in H.R. 6, which was enacted December 19, 2007.

NRECA Position. Electric cooperatives support power developed from renewable resources that naturally replenish, utilize residual materials, or recycle waste as part of our push for energy diversity. NRECA is actively participating in the development of a sensible national renewable energy policy and believes that any such policy, when applied to the electricity sector's role in working toward this goal, must:

- Provide appropriate funding for research and development;
- Expand, extend and increase funding to provide long-term, stable incentives to fully utilize domestic resources that are available to all segments of the industry on an equitable basis, including Clean Renewable Energy Bonds and farm bill Section 9006;
- Not impose mandates on electric utilities if they would undermine local board control of power supply decision-making, threaten system reliability, or unduly raise the cost of electricity for members;
- Recognize that electric power from federally owned hydroelectric projects is an especially important renewable source of affordable electricity for electric co-ops;
- Not include a federal mandate. NRECA supports the goal, but will oppose a federal mandate, of developing policies to meet the vision of affordably producing 25 percent of the nation's energy from land-based sources by 2025.

for more information
Carol Whitman, Ph.D., NRECA
703.907.5790
carol.whitman@nreca.coop
<http://www.nreca.coop>

