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AGRICULTURE:

Rural energy programs in limbo under farm bill deal

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Rural energy advocates are worried that the short-term decrease in funding this year in the partial farm bill extension will have long-term effects on the markets for renewable energy and fuel.

The nine-month extension, which was included last week as part of the fiscal deal negotiated by Senate Minority Leader Mitch McConnell (R-Ky.) and Vice President Joe Biden, eliminated mandatory funding for all the farm bill's rural energy programs. They include initiatives to spur advanced biofuels as well help rural landowners install renewable energy and increase energy efficiency.

The good news for supporters of the energy programs is that the extension renewed their authorizations, which had expired with the 2008 farm bill. But while there is some money left over in them from previous years, the lack of mandatory funding will effectively put new enrollments in the programs on hold at least until there's a new five-year farm bill.

"I think the impact is pretty significant. It basically shelves these programs, by and large, unless we somehow are able to get some appropriations," said Lloyd Ritter, a former Senate staffer who helped write the farm bill's original energy title and is now co-director of the Agriculture Energy Coalition, a group of rural energy advocates.

More than just eliminating mandatory funding this year, the move sends a longer-term message to companies working in the areas of solar, wind and advanced biofuels, he added.

"It also sends a temporary market signal to the clean-tech industry and to agriculture leaders who are producing renewable energy that the federal government's not that serious because we keep on flip-flopping on our focus on these types of initiatives," Ritter said.

Among the programs left with no mandatory funding this year is the Rural Energy for America Program, the farm bill's largest energy program. REAP, created in the 2002 farm bill, funds rural projects that seek to improve energy efficiency on rural land, install solar and wind arrays, and build anaerobic digesters that turn manure into energy. It now extends to all 50 states.

Also left in limbo is the Biorefinery Assistance Program, which gives loan guarantees to companies building advanced biofuel plants. The Biomass Crop Assistance Program, which provides farmers funding to establish fields of crops needed for the production of advanced biofuels, such as switchgrass and camelina, is in the same boat.

Ned Stowe, a policy associate at the Environmental Energy and Study Institute, said BCAP is vital for farmers because it provides them with assurance during the first year of planting when they're not yet making money off their fields.

Without the program, "it's tough to talk a farmer into, 'Let's forgo 100 acres' worth of profits on corn when

you can finance [advanced biofuel crops] and take a loss," Stowe said. "It's really difficult in this environment to talk people into that. The economics don't make sense."

The Department of Agriculture did not respond to a request for comment about the effects of the farm bill extension on programs.

The programs, which are a drop in the bucket compared to the major commodity and nutrition programs in the farm bill, are all authorized to receive appropriations this year. But if past appropriations bills are any indication, the programs will not be a priority, and it is unclear whether an agriculture appropriations bill would even reach the president's desk.

"There won't be near enough funding," said Andy Olsen, a senior policy advocate at the Environmental Law and Policy Center, adding that uncertainty about the programs will hamper them.

"It is making it hard for a lot of businesses that are trying to gear up to provide clean energy solutions through the private sector. The lack of consistency is really harming things," Olsen said. "A lot of people are developing projects, spreading the word about clean energy around the country, there are a lot of can-do attitudes -- but the federal government is an uncertain partner."

Still, advocates say they are confident the extension, which also cuts from conservation, organic and other programs, does not signal that energy programs will have the same fate when a full, five-year farm bill is written later this year. They point to last year's Senate-passed farm bill, which included \$800 million over five years for energy programs, as a signal of congressional support.

A bipartisan one-year extension agreed to by congressional agriculture leaders late last year -- which was not taken up in the House or Senate -- also included mandatory funding for 2013, including \$51 million for REAP, \$80 million for the Biorefinery Assistance Program and \$38.6 million for the Biomass Crop Assistance Program.

Advocates will be pushing this year for at least the \$800 million that was included last year in the Senate-passed version of the farm bill.

The ascension of Sen. Thad Cochran (R-Miss.) this year to ranking member of the Senate Agriculture, Nutrition and Forestry Committee, which is responsible for the farm bill, could be a boon for the programs. Cochran, who will replace Sen. Pat Roberts (R-Kan.) in the position, has been supportive of the programs in the past and has a research park named after him at Mississippi State University that in part researches renewable energy and biofuels.

His state of Mississippi has a vocal group of supporters of the programs led by the poultry industry, which has high energy bills for its ventilation fans and heating and cooling systems. Last year, the Mississippi Poultry Association Inc. led a group of 12 state organizations that urged Congress to include mandatory funding for REAP in the farm bill.

Cochran's state "has benefited from REAP since the first year," Olsen said. "The poultry growers use it; we've seen other agriculture sectors take advantage of the program in the biomass area. We think Sen. Cochran is aware of that, and we hope he'll continue his support going forward."

The major question is whether Congress will pass a five-year farm bill this year at all or whether the extension included in the fiscal deal is the first of a string of extensions, as has become the norm for large pieces of legislation. Last year, House Speaker John Boehner (R-Ohio) refused to bring a version of the farm bill to the House floor, maintaining that he did not have the votes to pass it.

The agriculture community is so far optimistic for 2013.

"What happened on the fiscal cliff was highly unfortunate and unfair to agriculture, but I do think there will be

a bill [this year]," Ritter said. "We need to provide farmers a consistent policy, and I think there will be more and more pressure on the House leadership to address a long-term farm bill this year."

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