

Idaho Farm Bill Listening Session

Tuesday, September 6, 2005

1 - 4 pm

Blackfoot, ID Fairgrounds

Honorable Mr. Mark Rey USDA undersecretary for natural resources and environment,

I would like to address my comments to question #5, which asks, "How can Federal rural and farm programs provide effective assistance in rural areas?" Specifically, I would like to comment on an Idaho success story with the USDA Rural Business-Cooperative Service (RBS) Value Added Producer Grant (VAPG) program and the growing national need for this and other Rural Energy programs as the agriculture-based bioenergy industry emerges to meet this nation's growing energy demands.

For several years, Idaho producers have been working to add energy products, like ethanol, to our suite of Idaho agriculture products. Capitalizing on emerging cellulosic ethanol technology combined with Idaho's abundant and stable supply of cellulosic biomass in the form of wheat and barley straw, Idaho could become a pioneer cellulosic ethanol producing state. However, the problem facing interested producers was how best to assemble and deliver the 1 million tons of straw required to supply a cellulosic ethanol facility each year. The challenge of answering this fundamental business question was further complicated by the fact that such a facility only exists in concept, and that Idaho was competing with many other sites around the world for this new ethanol technology. This ambiguity around the availability and cost of cellulosic feed stock (straw) put Idaho producers in a difficult situation. With out answers to fundamental feedstock supply questions, Idaho could not be competitive. However, the uncertainty of this new cellulosic ethanol technology prevented financial investment and backing for the venture, and this is not an unusual situation for many value-added producer ventures.

The USDA Value Added Producer Grant program provided the needed financial catalyst for moving Idaho producers forward in this cellulosic ethanol venture. Funding from the Value Added Producer Grant program provided the resources to organize and bring growers together for a common business objective. Once organized, straw supply feasibility studies were conducted, and straw production and assembly business plans are now being developed. Additionally, largely because of the work being funded by the USDA program, Southeastern Idaho has developed into a top U.S. location for sighting a straw-to-ethanol facility. By organizing growers and Idaho communities, collateral benefits have also occurred, including development of local and national political and policy agendas essential for the straw-to-ethanol venture to be successfully implemented (e.g., success can cause other independent but essential successes to occur!). In short, the USDA Value Added Producer Grant program has been directly or indirectly responsible for making a straw ethanol venture in Idaho a real possibility.

Finally, and just like the success realized in Idaho, USDA Rural Business-Cooperative Service (RBS) programs, including the Value Added Producer Grant (VAPG) and the

Renewable Energy Systems and Energy Efficiency Improvements (Energy) Program, will be essential in assisting U.S. producers and rural communities throughout the nation in contributing to this nation's future energy security through the development of a domestic agricultural based bioenergy industry.

I would like to request that my comments in their entirety be submitted into the record.

Comments Presented by:

J. Richard Hess, Participant in the Value Added Producer Grant, number 12-034-82036979, entitled "A Grower-Owned Venture to Produce Powdered Straw for Bioethanol and other Products"

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