

**Remarks as Prepared for Delivery by  
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Agriculture Plenary Session**

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Thank you, Tom, for that nice introduction. I'd also like to thank my fellow speakers for being here today ... some of whom I know very well, like Richard, and some of whom have traveled a great distance to get here.

Mr. Jank, Secretary Dycha, and Secretary Yap, thank you for contributing to this conference.

In his opening remarks, Secretary Ed Schafer from USDA pointed out that WIREC is the first global conference to put a real focus on agriculture and renewable energy.

I really welcome that focus. I've been working on agricultural issues for my entire career, and I can tell you that renewable energy presents one of the greatest opportunities I've seen in this industry.

At USDA, we address renewable energy from many angles.

Our Research, Economics and Education mission area conducts basic and applied research into feedstocks, conversion technology and efficiency, and other renewable technologies.

It also coordinates research projects with universities, national labs, and private sector companies in every state across the nation.

Their work provides the theoretical foundation for what we do in the field. But as a department, USDA also has a strong focus on bridging the gap between the theoretical and the practical.

Our Rural Development agency provides grants and loans to farmers, ranchers and rural businesses to increase the energy efficiency of their operations. We also target loans and grants to help fund a wide variety of renewable energy projects in rural areas.

The work of our Natural Resources Conservation Service focuses on protecting the quality of our soil and water resources in our rural areas.

But its projects often have an energy angle as well. They include helping producers adopt technologies like anaerobic digesters that turn methane into energy, or finding ways to boost their production of energy crops like switchgrass without harming environmentally sensitive lands.

Our BioPreferred Program, meanwhile, is responsible for selecting and prioritizing items made with renewable, biobased resources for preferential procurement by the entire federal government.

The federal government is the single largest consumer in the United States, buying roughly \$400 billion annually in goods and services, and its preferred use of biobased resources will significantly increase the market for these “green” products.

So through these different avenues, we’re really able to comprehensively address renewable energy.

Today, I'd like to share some of the highlights of our successful programs—our list of best practices, essentially—and discuss our future priorities.

I'll begin with our Woody Biomass Utilization Program, which is a program run by the Forest Service—the USDA agency that oversees our national forests and grassland—public lands that cover 193 million acres in 44 states.

Many factors affect the severity of forest fires, but the presence of low-growing underbrush and small trees under the canopy is one of the most important.

The buildup of these materials can fuel a wildfire – spreading and feeding the flames until they are out of control.

There is a mass of this low growth in our national forests. It is expensive to remove and of little value to traditional lumber markets.

So the Forest Service began the Woody Biomass Utilization Grant Program, which finances projects that remove this material and turn it into marketable products, especially renewable energy.

In the last three years (2005-2007), this program has distributed nearly \$15 million in grants in 19 states. Those grants, in turn, leveraged more \$35 million in matching funds.

The success stories from this program are nothing short of amazing. A college in Massachusetts converted from electric heat to a clean-burning, wood biomass heating system that saves the college about \$300 thousand each year.

In Montana, some towns are heating public schools—and reducing the risk of wild fires—by burning biomass removed from nearby forests.

And this approach isn't just for rural areas. St. Paul, Minnesota—is using biomass waste from collected wood products industries and construction to heat a full 80 percent of the downtown area.

Other grant recipients have turned forest biomass into wood pellets. These cost about the same as firewood, and far less than any fossil fuel. With the proper appliances installed, pellet fuel can heat an entire house for a third of the cost of electricity.

All told, this program helps preserve and protect our environment while providing cost-effective renewable energy.

Our Rural Development agency has also had great success promoting renewable energy.

The Renewable Energy Systems and Energy Efficiency Improvements Program provides loans, loan guarantees, and grants to producers and rural small businesses to purchase renewable energy systems and make improvements in energy efficiency.

Between 2001 and 2007, we invested \$674 million through this program in nearly 18 hundred projects, covering a wide range of technologies from ethanol and biodiesel production to generating power from solar, geothermal and wind sources.

The impact of this program has been magnified because the public dollars invested in loans and grants have attracted another \$1.8 billion in funds from the private sector and other public sources.

We also estimate that these projects have decreased greenhouse gas emissions by more than 3 million metric tons.

Our research division has also been hard at work. Recognizing that renewable energy must be one of our highest research priorities, we have developed a Strategic Energy Plan to focus and coordinate our research activities over the next several years.

That involves integrating the research done at colleges and universities with USDA efforts, as well as compiling a reliable database of statistics on the biofuels industry—from crop acreage to production numbers.

Our scientists have already made significant contributions to increasing drought tolerance, pest resistance, and yields of both energy and commercial commodity crops. And they have a number of exciting studies presently underway.

The projects are wide-ranging, and cover the entire cycle of producing biofuels—from planting, harvest, transportation, storage, and pre-treatment to conversion.

We're also looking at the genetic composition of feedstocks and ways to improve crop yields and breeding methods.

We're working on enhanced biochemical and thermochemical conversion methods for biofuels—including genetically engineering yeast that can better ferment cellulosic sugars.

We're evaluating crops like sweet sorghum, energy cane, and prairie grasses for use in energy production.

And to make full use of what is often treated today as waste material, we're looking at ways of turning crop residues into energy stocks.

We're also working on an aviation-grade ethanol.

Our ultimate goal is to assemble a critical mass of genetic resources, biological information, and expertise to develop one or more sustainable energy biomass crops for each region of our country.

Of course, as we do all this work to build the renewable fuels industry, we remain mindful of the concerns about whether our farmers will be able to supply enough crops to satisfy both our energy and food needs.

As demand rises for our crops, concerns are also being expressed about the price of food. I'd like to address the food-versus-fuel debate briefly.

The Consumer Food Price Index for food is projected to rise by three to four percent in 2008. Historically, the average food price increase is about 2.5 percent.

In real terms, that means that if U.S. consumers paid \$100 for groceries each week in 2007, they are likely to pay \$104 this year.

The increase in food costs is due to a number of factors. The global economy is prospering, which stimulates the demand for food, and subsequently, the cost. Labor, advertising, and energy costs have all risen in the past year as well.

Unquestionably, the greater demand for crops like corn that the renewable fuel industry creates has an impact on food prices. But so do all of these other factors.

In fact, rising energy costs arguably have the biggest impact on rising food prices. In the United States, the food processing is the greatest energy consumer of any other sector.

It makes sense, when you account for the washing, refrigerating, packaging, and transportation that it undertakes.

As President Kennedy once said, “the farmer is the only man in our economy who buys everything...at retail, sells everything...at wholesale, and pays the freight both ways.”

With crude oil prices having more than tripled in the last five years, paying that freight both ways has significantly increased the cost of production. So that’s certainly influencing food prices.

In the long-term, one of the best ways to keep food prices stable is to keep energy costs stable. And doing that will require us to create alternative energy sources.

The good news is that farmers are responding to the increased demands for corn and commodities. Last year, U.S. farmers planted 15 million more acres of corn—the most they had put in the ground since 1944—and produced a 13 billion bushel crop, up almost 25 percent more over the prior year.

So the market cues are clearly working. Nevertheless, we cannot rely solely on corn to meet increased renewable energy goals.

We simply must develop cellulosic ethanol and other renewable fuels to the point that they are widely marketable and cost-competitive.

As I mentioned earlier, USDA is aggressively working to make this a reality, and we will continue to do so.

I know my colleagues on this panel have a great deal to contribute to this discussion, so I want to allow them to do so and won’t take much more of your time today.

Thank you for your commitment to renewable energy. I very much appreciate that dedication. It is meetings like this, and people like you, that will make the dream of renewable energy a reality.

As Margaret Mead once said, "never doubt that a small, group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has."

Thank you for your time.

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