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As prepared for delivery: WIREC Kickoff Event
October 2, 2007

Thank you. The United States Department of Agriculture is proud to serve as a member of the host team for WIREC 2008. Our interest is straightforward. Renewable energy is an extraordinary opportunity for agricultural producers and broad-based economic development in rural America. We look forward to WIREC as an opportunity to share our own experience ... and to learn from best practices in other counties as well.

It is important in this discussion to remember that renewable energy is in large part rural energy. Ethanol, cellulosic ethanol, biodiesel, and biomass technologies all rely primarily on farm and forest resources. Wind, because of its siting requirements, is also a largely rural resource.

Some solar and geothermal technologies may be suitable for deployment in urban as well as rural areas. In these instances as well, however, industrial scale applications are likely to be sited largely in rural areas.

For all these reasons, renewable energy presents a remarkable economic development opportunity for rural communities both here and abroad.

The scale of this opportunity is very large. In 2006, for example, the total value of agricultural production from America's farms and ranches was approximately \$275 billion. Net farm income was \$59 billion. That same year, Americans spent over \$300 billion on imported oil and oil products.

\$300 billion is a lot of money. Today, however, every gallon of imported oil or oil product is in principle a displacement opportunity for domestically produced biofuels. The returns to the farmer are just the beginning. There are opportunities at every point in the value chain: production, conversion, transportation, and distribution.

Similar opportunities exist with wind, solar, biomass, and geothermal energy. The renewables revolution is arguably the greatest new opportunity for wealth creation in rural communities in our lifetimes.

So yes ... renewable energy is a national security priority. It is a balance of payments, economic security and environmental issue. But from an agricultural and rural development perspective, it is also an opportunity of historic proportions.

The U.S. government is responding. Accelerated development of renewable energy has been a priority for this Administration from the beginning. Just a year ago, I

had the special privilege of standing with President Bush in St. Louis as he reiterated that commitment.

In St. Louis, the President was joined by then-Secretary Johanns of USDA, Secretary Bodman of DOE, and Administrator Steve Johnson of EPA, as well as over 1,400 leaders from business, industry, finance, agriculture, and the non-profit sector ... all coming together to advance the deployment of renewable energy.

That was a remarkable event. It highlighted a record of very impressive progress that continues today ... and that we intend to advance further through initiatives at many levels, including WIREC:

- Since 2000, the United States has tripled ethanol production and we are on track to double it again in the next two years.
- In the same period, installed wind capacity in the United States has quadrupled. We led the world in new capacity in 2005 and 2006 and are on track to lead again this year.
- Biodiesel production is up from 2 million gallons in 2000 to a projected 379 million this year, and cellulosic ethanol is now beginning to move from the labs into production.

These are significant gains. Yet we are still in the very early stages of a much broader transformation. USDA is working to support this evolution, and we look forward to WIREC 2008 as another important step toward a more diversified and secure energy portfolio.

From an agricultural and rural development standpoint, there are many questions to be addressed, both in the United States and abroad:

- The research agenda is open-ended. The resource base may very well change. Biofuels are not a mature technology. Progress continues to be made on conversion efficiencies and improved feedstocks. In addition, we have barely begun to survey the biosphere for potential energy crops and we do not know at this point what the optimal feedstocks are likely to be. The implications of new or improved feedstocks for agriculture may be significant.
- A second area of interest is investment opportunities in rural communities. From a national energy security standpoint, corn is corn ... ethanol is ethanol ... wind is wind ... and the ownership of the enterprise is a secondary consideration. From a rural development standpoint, however, ownership is critically important.

From the U.S. perspective we are interested in exploring investment and business models that encourage participation by farmers and other rural investors in these emerging industries. Similar considerations are important in many other nations as well, and we look forward to sharing our experience in this area.

- A third consideration is the impact of biofuels on agricultural policy and food prices. For 70 years, agricultural policy in the United States and other developed nations has been concerned largely with the management of a chronic surplus.

Now, rather suddenly, we have a major new market that seems capable of absorbing the surplus and driving commodities prices to a new plateau. Markets will adapt, but we will need to be attentive to the readjustments that will be required.

- Finally, the build out of renewable energy will also require a new industrial and logistical infrastructure in rural areas. This involves railroads, pipelines, and trucking. It involves an expansion of the electric grid and new transmission corridors to move rural wind and solar power to urban markets. It involves workforce training ... new power and water infrastructure ... banking and insurance ... and ripple effect across the community.

National systems differ and not all countries will choose the same path. The development of renewable energy, however, is accelerating around the world, and for all of us WIREC 2008 is an opportunity to explore the issues and identify best practices in a variety of settings.

USDA is excited to be part of this discussion, and we look forward to seeing you at WIREC next March. Thank you.

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