

Major Federal Policies Driving Energy Efficiency in Agriculture

John N. Moore
Senior Attorney

Environmental Law & Policy Center

ACEEE 2nd Forum on Energy Efficiency in Agriculture

February 22, 2008



Overview

- **Current Legislation (2002 Farm Bill, 2007 Energy Bill)**
- **Pending Legislation (2008 Farm Bill)**
- **Whither the \$\$?**



2002 Farm Bill

- **Renewable Energy/Energy Efficiency Program (Section 9006)**
- **Conservation Security Program**
- **Energy Audit/Assessment Program (Section 9005) (worthy but unfunded)**

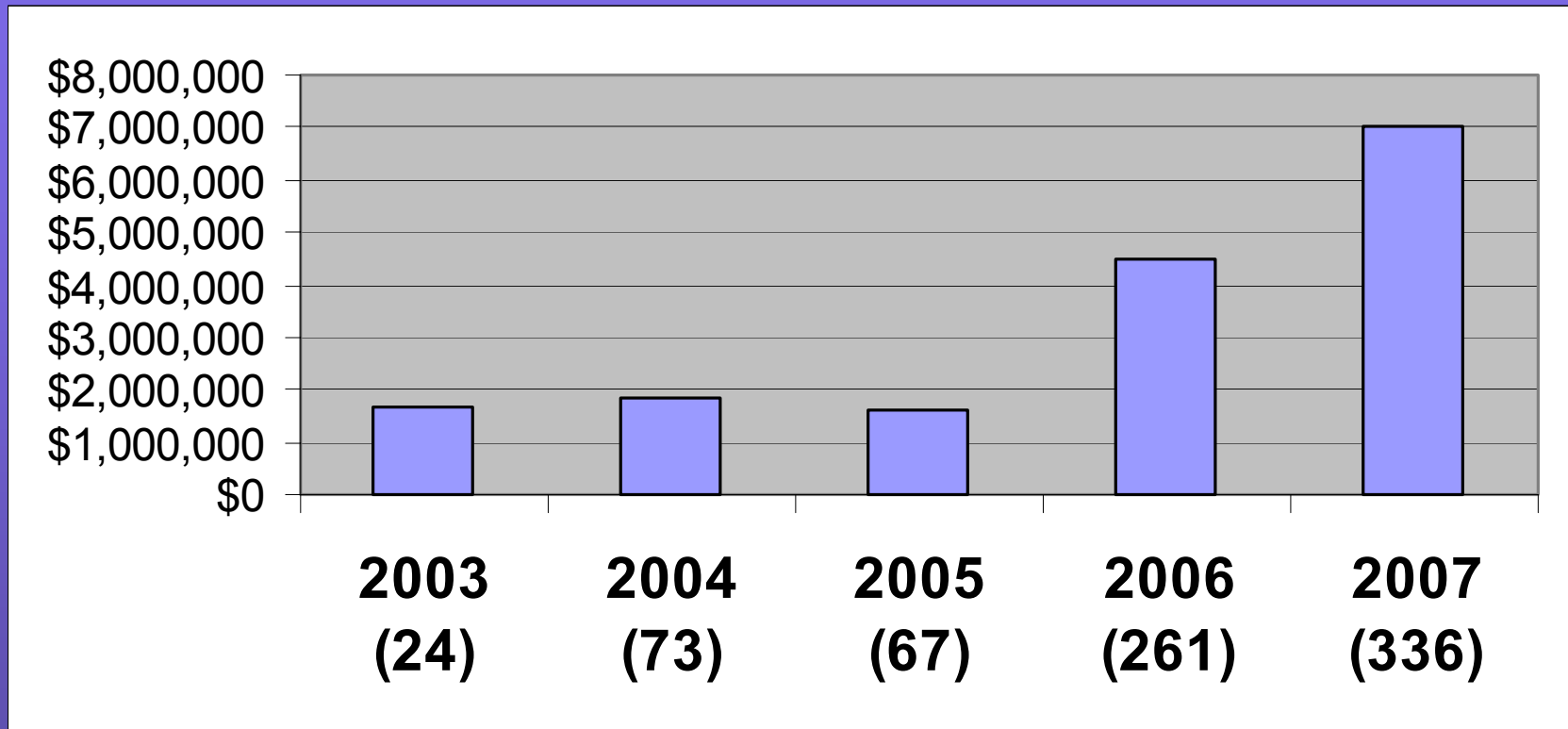


Section 9006 Program

- **Grants and Loan Guarantees for clean energy projects; \$23 million/year**
- **762 of the 1230 projects '03 to '07 are EE projects.**
 - **\$16.6 million in grants + \$4.2 million in loan guarantees**
 - **Average grant \$21,819.**
- **'03 to '05 EE projects (approx. 150) saved 17 trillion Btus/year = 124,000 homes. (NREL)**



Rising Popularity of EE Grants



Some Major EE Grant Categories

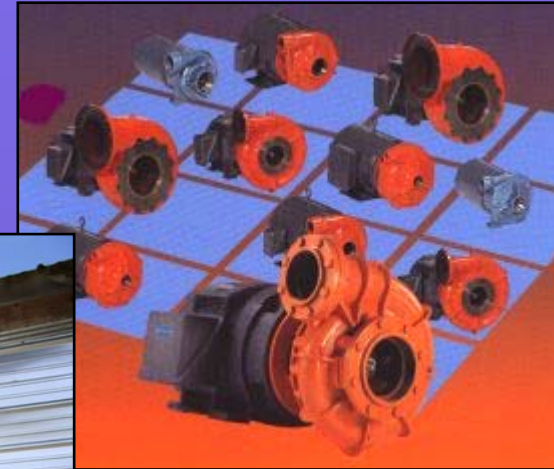


Grain dryers

- 30% - 60% gas and elec. savings



Poultry production improvements



Irrigation pumps

- 60%-80% Btu savings



Conservation Security Program

- **Now includes energy component.**
- **Payments to farmers for cutting energy consumption by 5% to 20%↑; recycling lubricants, purchasing biofuels, producing renewable energy on farm.**
- **Modest – \$70,000 total payments '05 to '07.**



Energy Efficiency and Security Act of 2007

- **Biorefinery Energy Efficiency (§ 224)** – DOE program for increasing EE at biorefineries.
- **Biofuels and Biorefinery Information Center (§ 229)** – USDA/DOE best practices clearinghouse.
- **Electric Motor Efficiency Standards (§ 313)** – updates standards and adds new standards for special and definite purpose motors.



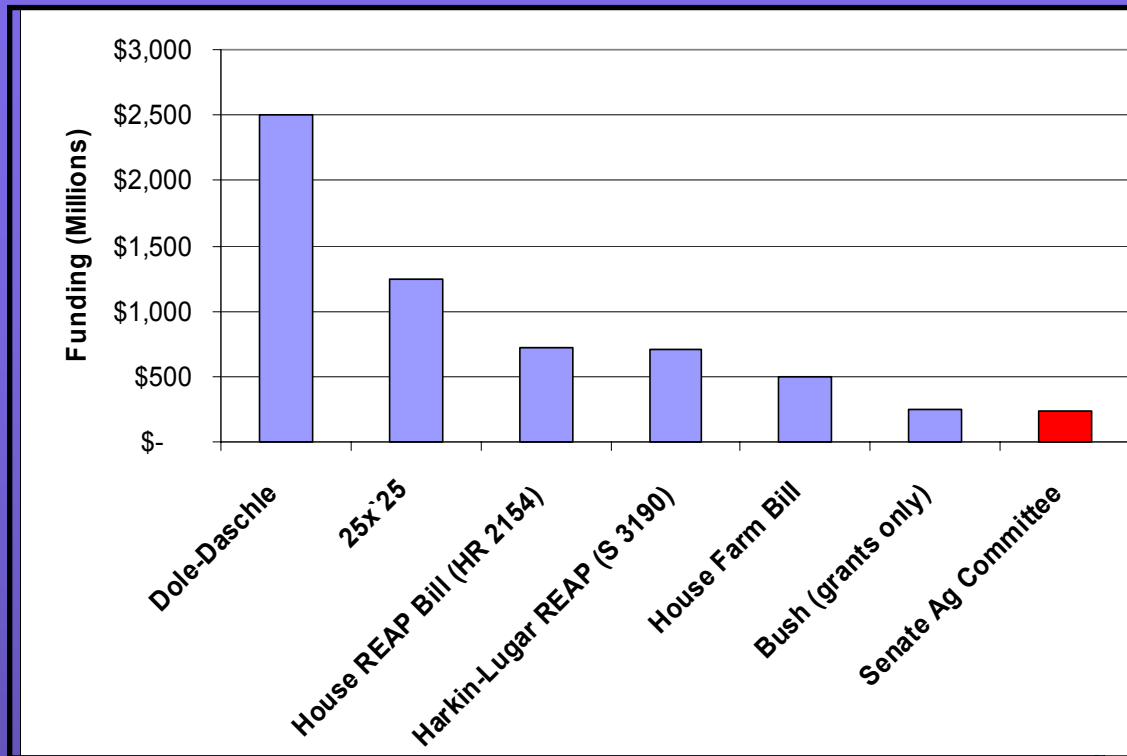
Energy Efficiency and Security Act of 2007

- **Energy Intensive Industries Program (§ 452) – RD&D best practices to improve equipment EE. Ag not specifically mentioned but could qualify – e.g., sugar cane/beet processing, corn wet milling, flour milling.**



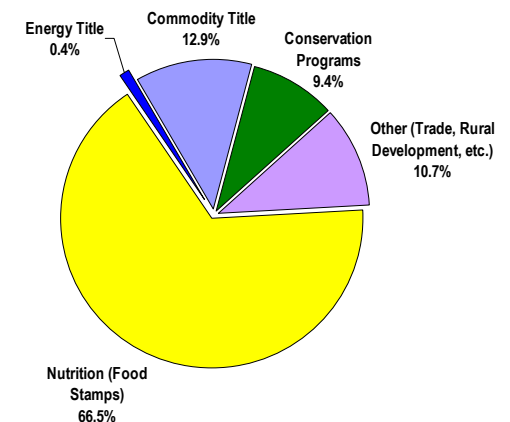
2008 Farm Bill

Tight Budget Presents Difficulties



Proposed REAP Funding

Energy Title Funding



Rural Energy for America Program (REAP)

- Improved Section 9006 (definitely)
- Incorporates Section 9005 (questionable)
- Rural Energy Star (perhaps)
- Funding – \$230+ million (perhaps) (*compared with projected \$500 million demand*)
 - Projected EE project slice \$35 million or more.



Rural Energy for America Program: Energy Efficiency Focus

Improved Section 9006

- May include small grant set-aside (House - projects worth \leq \$50k; Senate – grants for \leq \$20k or less).
- May include streamlined applications.
- Stakeholders also recommend rebates, web-based application forms, etc.
- Other improvements



Rural Energy for America Program: Energy Efficiency Focus

Section 9005?

- Senate includes 5% set-aside for Section 9005-like audits/technical assistance.
- Ideally would include education and capacity-building.
- Most implementation questions to be answered in follow-on rulemaking.



Rural Energy for America Program: Energy Efficiency Focus

\$75M/5 years ETA →

**\$3.5B Savings

**7.6B lbs CO₂
savings

(2% overall ag energy savings)



Rural Energy for America Program: Energy Efficiency Focus

Rural Energy Star – helps farmers/ranchers identify energy efficient products to cut energy costs.

- Identify products (e.g., irrigation equipment, lighting, general farm equipment)
- Develop labeling (goal – 5 new product categories w/4 years after passage)
- Promote existing and new products.



Rural Energy Self-Sufficiency/Renewal

Helps rural communities become energy smart.

- In House – towns apply for grants (maximum 5/year) to help them develop energy systems to improve documented EE savings. Encourages partnerships.
- Roughly similar in Senate.



Energy Efficient Motors

In Senate Farm Bill Tax Title

- **\$15/hp credit for energy efficient motors (500 hp or less), max \$1,250,000.**
- **EE motors as defined in NEMA's premium efficiency motors program.**



Questions/Comments

Please feel free to contact me at:

- (312) 673-6500
- jmoore@elpc.org

