



# Ag Energy Alliance

*Representing agriculture as a producer and consumer of energy*

May 9, 2005

The Honorable Lamar Alexander  
302 Hart Senate Office Building  
Washington, D.C. 20515

The Honorable Tim Johnson  
136 Hart Senate Office Building  
Washington, D.C. 20515

## **Re: Natural Gas Legislation**

Dear Senators Alexander & Johnson:

As the Senate continues to formulate comprehensive energy legislation, the Agriculture Energy Alliance would like to commend you for introducing the Natural Gas Price Reduction Act of 2005. The Agriculture Energy Alliance represents a broad-based coalition of growers and agribusinesses throughout the U.S.

The agricultural community's ability to be efficient and environmentally friendly faces a looming crisis because of public policies that create demand for certain energy resources, like natural gas, while restricting access to supply sources. The current natural gas crisis has two solutions – increase supply and reduce demand. The agricultural community can produce an abundant, affordable and healthy food supply, but we need Congress and the Administration to produce the kind of policies that enable us to utilize the resources needed to produce that supply.

The farm sector depends on significant use of natural gas for food processing, irrigation, crop drying, heating farm buildings and homes, crop protection chemicals and nitrogen fertilizer production. By far, the most intensive use of natural gas by the farm sector is in the production of nitrogen fertilizer, which is used on virtually every crop produced in this country. The food that we grow, consume and sell to the world depends on a ready supply of fertilizers like ammonia, urea and diammonium phosphate. At the same time, the agricultural community has become much more efficient in its use of energy resources. Since 1980, U.S. farmers have increased nitrogen use efficiency by 35 percent while boosting corn yields by 40 percent.

Additional natural gas supply is available from three primary sources: onshore and offshore production, and LNG. While there is considerable activity underway in each of these areas, the Agriculture Energy Alliance appreciates your efforts to advance federal policies to facilitate the efficient development and uses of all our critical domestic supply resources. Provisions for establishing a national coal gasification

strategy and for creating tax incentives for expanded cogeneration projects should help reduce demand for natural gas. In addition, those portions of the bill addressing expanded off-shore production and LNG terminal and pipeline siting will assist with increasing natural gas supplies.

The Agriculture Energy Alliance urges Congress to act expeditiously to promote the development of domestic energy resources so important to a competitive agricultural sector. We urge Congress to enact a comprehensive energy policy now that provides an enhanced role for development of all energy resources for a more diverse portfolio and environmentally sensitive production of adequate domestic supplies of natural gas. We stand ready to work with you on these extremely important policies that are critical to U.S. farmers, agribusiness and consumers.

Sincerely,

**Agribusiness Association of Iowa  
Agribusiness Council of Indiana  
Agricultural Council of California  
Agricultural Retailers Association  
Alabama Crop Management Association  
American Farm Bureau Federation  
CF Industries, Inc.  
CHS Inc.  
California League of Food Processors  
Colorado Grain & Feed Assn.  
CropLife America  
Delaware Maryland Agribusiness Association  
Far West Agribusiness Association  
Florida Fertilizer & Agrichemical Association  
Georgia Feed & Grain Assn.  
GROWMARK, Inc.  
Hawaiian Alliance for Responsible  
Technology & Science  
Illinois Fertilizer & Chemical Association  
Indiana Grain and Feed Association  
Indiana Plant Food & Ag Chemicals  
Association  
Intermountain Farmers Association  
Kansas Agribusiness Retailers Association  
Land O'Lakes, Inc.  
Louisiana Ammonia Producers  
MFA Incorporated  
Michigan Agri-Business Association**

**Minnesota Crop Production Retailers  
Missouri Ag Industries Council  
Montana Agricultural Business Association  
National Association of Wheat Growers  
National Chicken Council  
National Corn Growers Association  
National Council of Farmer Cooperatives  
National Grange  
Nebraska Agri-Business Association  
North Dakota Agriculture Association  
Oklahoma Agribusiness Retailers Association  
Plant Food Association of North Carolina, Inc.  
PotashCorp  
Rocky Mountain Agri-Business Association  
South Carolina Fertilizer and  
Agrichemical Assn.  
South Dakota Agri-Business Association  
Southern Crop Production Assn. (GA)  
Tennessee Agricultural Production Association  
Terra Industries  
Texas Ag Industries Association  
Texas Agricultural Cooperative Council  
The Fertilizer Institute  
US Rice Federation  
Virginia Agribusiness Council  
Virginia Crop Production Assn.  
Wisconsin Fertilizer and Chemical Association**

Cc: Senate Energy Committee  
Senate Agriculture Committee