



# Agriculture Energy Alliance

*Representing agriculture as a producer and consumer of energy*

July 20, 2005

## **SENT TO ENERGY CONFEREES**

RE: Natural Gas Legislation

Dear \_\_\_\_\_ :

The sixty-nine members of the Agricultural Energy Alliance are very pleased that the Senate and House have passed comprehensive energy legislation and have sent their versions to the joint conferees. We encourage the Senate-House conferees to agree on provisions to increase supply and decrease demand for natural gas. Specifically, we would encourage the conferees to support the following provisions: the Outer Continental Shelf inventory; streamlining siting of liquefied natural gas facilities (LNG); and, providing loan guarantees and tax incentives for the development of industrial gasification technologies.

The Agriculture Energy Alliance represents a broad-based coalition of growers and agribusinesses that are adversely affected by public policies that create demand for natural gas while restricting access to supply sources. 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.

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. We can produce an abundant, affordable, healthy food supply, but we need Congress to produce the kind of policies that enable us to utilize the resources need to produce that supply.

The Agricultural Energy Alliance supports language that clarifies the Federal Energy Regulatory Commission's preemptive jurisdiction in siting new LNG facilities. FERC jurisdiction over LNG siting will ensure that the necessary terminal facilities are sited and built in a safe and expeditious manner. New LNG facilities will restore flexibility to natural gas markets throughout the U.S. and should not be viewed as a geographic issue of coastal versus inland interests. Both the Senate and the House agreed to similar LNG provisions and we support either of these approaches to LNG siting.

The Agricultural Energy Alliance supports the inventory provisions in the Senate-passed energy bill. We urge the conferees to include this provision in the conference report. At a minimum, we believe the energy bill should include a natural gas inventory of the OCS so we know what reserves are available in these offshore areas.

Provisions for establishing a national gasification strategy and for creating tax incentives for expanded cogeneration projects should help reduce demand for natural gas. A critical component is wider government participation in innovative technology that allows manufacturers to produce gas from coal, petroleum coke, biomass, and other abundant domestic energy sources. The Agriculture Energy Alliance urges the conferees to agree to an energy bill that includes loan guarantees, an investment tax credit, and grants for research and development and pilot projects necessary for manufacturers to implement capital-intensive gasification projects.

The Agriculture Energy Alliance urges the conferees to act expeditiously to promote the development of domestic energy resources so important to a competitive agricultural sector. We urge the conferees to agree to a comprehensive energy bill that provides an enhanced role for the development of all energy resources for a more diverse portfolio and 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, agribusinesses and consumers.

Sincerely,

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

**National Association of Wheat Growers  
National Barley Growers Assn.  
National Chicken Council  
National Corn Growers Assn.  
National Council of Farmer Cooperatives  
National Grain Sorghum Producers Assn.  
National Grange  
National Renderers Association, Inc.  
National Sunflower Assn.  
National Turkey Federation  
Nebraska Agri-Business Assn.  
North Dakota Agricultural Assn.  
Oklahoma Ag Retailers  
Oregon Wheat Growers League  
Plant Food Association of North  
Carolina, Inc.  
PotashCorp  
Rocky Mountain Agri-Business Assn.  
Society of American Florists  
South Carolina Fertilizer and  
Agrichemical Assn.  
South Dakota Agri-Business Assn.  
Southern Crop Production Assn. (GA)  
Tennessee Agricultural Production Assn.  
Terra Industries  
Texas Ag Industries Assn.  
Texas Agricultural Cooperative Council  
The Mosaic Company  
The Fertilizer Institute  
U.S. Canola Assn.  
USA Rice Federation  
Virginia Crop Production Assn.  
Virginia Poultry Federation, Inc.  
Western Plant Health Association (CA)  
Wisconsin Fertilizer and Chemical Assn.**