



Agriculture Energy Alliance

Representing agriculture as a producer and consumer of energy

June 10, 2005

The Honorable Pete Domenici
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Jeff Bingaman
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Re: Natural Gas Legislation

Dear Senators Domenici & Bingaman:

The sixty-seven members of the Agriculture Energy Alliance thanks the Senate Energy and Natural Resources Committee for reporting out comprehensive energy legislation. We encourage the full Senate to pass comprehensive energy legislation that includes provisions to increase supply and decrease demand for natural gas. Specifically, we would encourage the Senate to include policies that allow for natural gas production in the Outer Continental Shelf (OCS), streamline siting of liquefied natural gas (LNG) facilities, and facilitate development of clean coal technologies.

The Agriculture Energy Alliance represents a broad-based coalition of growers and agribusinesses that faces a looming crisis because of 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, and healthy food supply, but we need Congress to produce the kind of policies that enable us to utilize the resources needed to produce that supply.

Additional natural gas supply is available from three primary sources: LNG and increased onshore and offshore production. The Agriculture 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. We believe Congress should enact

legislative changes to provide sole and exclusive jurisdiction to the Federal Energy Regulatory Commission for LNG siting.

Development of offshore natural gas reserves is crucial for residential and commercial consumers as well as for manufacturers that use natural gas as a feedstock. At today's natural gas price levels, the U.S. can expect continued demand destruction in the manufacturing sector along with the loss of good jobs. The Senate can improve energy independence and help maintain a competitive domestic manufacturing base by passing an energy bill that includes a natural gas inventory of the OCS and provisions for states to opt out of the current moratorium on development of natural gas supplies in the OCS.

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 Senate to pass an energy bill that includes loan guarantees, tax incentives, and grants for research and development and pilot projects necessary for manufacturers to implement capital-intensive gasification projects.

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 the Senate to pass a comprehensive energy bill that provides an enhanced role for 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, agribusiness and consumers.

Respectfully,

**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
Colorado Grain & Feed Assn.
CoBank (CO)
CropLife America
Delaware Maryland Agribusiness
Assn.
Diamond of California
Far West Agribusiness Assn.
Florida Fertilizer & Agrichemical
Assn.
Georgia Agribusiness Council, Inc.
Georgia Feed & Grain Assn., Inc.
GROWMARK, Inc.**

**Hawaiian Alliance for Responsible
Technology & Science
Illinois Fertilizer & Chemical Assn.
Indiana Grain & Feed Assn.
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 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**

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**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.
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.
Wisconsin Fertilizer and Chemical
Assn.**

CC: Senate Members
White House Domestic Policies Staff