The Role of Agriculture in Our Energy Future

Presentation by
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National Summit on Agricultural & Food Truck Transport for the Future
Today’s discussion

• Snapshot of North Dakota agriculture and energy
• National Association of State Departments of Agriculture (NASDA)
• NASDA farm bill recommendations
• Future opportunities for agriculture and energy
North Dakota is an ag state…

• #1 industry
• More than $4 billion in annual cash receipts
• 25% of state economic base
• Employs 1 in 4 North Dakotans
• Leads the nation in the production of 14 commodities
North Dakota is an energy state...

- Ranks 6th in the nation in energy production per capita
- Ranks 11th in the production of coal
- Ranks 9th in the production of petroleum

Source: Energy Information Administration
North Dakota is an energy state...

• 4 ethanol plants in operation
  – 135.5 mmgy annual production capacity
  – additional capacity of 300+ mmgy announced or under construction

• 2 biodiesel plants under construction – 105 mmgy of planned capacity
  – canola feedstock
North Dakota ranks 1st in the nation in potential to produce perennial energy crops...
There is great potential to develop the biomass industry in North Dakota...

- Production of energy crops for delivery to an ethanol conversion facility or bioproducts facility
- Utilization of crop aftermath to produce cellulosic “nanowhiskers”
- Utilization of wood waste or chips to feed boilers for energy production
NASDA

- National Association of State Departments of Agriculture
- Commissioners, secretaries and directors of agriculture from 50 states and 4 territories (Puerto Rico, Guam, American Samoa and the Virgin Islands)
- Commissioner Johnson is President-Elect
NASDA

- Nonprofit, nonpartisan association
- Mission is to support and promote the American agriculture industry, while protecting consumers and the environment, through the development, implementation, and communication of sound public policy and programs
NASDA Farm Bill Recommendations

• NASDA’s purpose is to contribute to a wide-ranging and constructive debate on agricultural policy and the next farm bill.

• 209 specific recommendations in nine general policy areas.
NASDA Farm Bill Recommendations

• **Economic Safety Net for Producers**
  • - Maintain marketing loans and counter-cyclical payments
  • - Expand crop insurance options with an emphasis on whole farm revenue insurance
  • - Enact a permanently authorized disaster assistance program
  • - Payment limits must be clearly established and enforceable; the “three-entity rule” needs to be revised.
  • - GAO needs to study and report on the impact of direct payments on land values to provide a baseline for future policy discussions.
NASDA Farm Bill Recommendations

- **Support for Bio-industry Development with Emphasis on Energy Production**
  - Implement the 25x25 agriculture energy initiative with emphasis on the development of alternative fuels from agriculture commodities and other biomass
  - Make permanent the tax credits for ethanol and biodiesel
  - Establish on-farm incentives to produce and utilize solar, wind, and biobased energy, including allowing use of CRP land for production of energy and biobased crops with commensurate payment reductions
  - Develop a cellulosic/energy feedstock production base enrollment program using long term contracts
NASDA Farm Bill Recommendations

• Other recommendation areas include:
  – Access to International Markets for U.S. Agricultural Products
  – Support for Specialty Crops
  – Enhancing Environmental Quality through Partnerships with States
  – Rural Development
  – Providing Safe, Healthy, and Nutritious Food
  – Identification and Removal of Invasive Species
  – All-Hazards Security Programs
  – Research and Information
  – Biotechnology
  – Other Critical Issues – Labor and Transportation
  – Role of States
Future Opportunities for Agriculture and Energy…

• Demand for alternative energy sources will continue to increase
• Agriculture will play a vital role in our energy future
• Favorable political momentum
  – Increases to the RFS
  – Federal support for technological advances in biomass
  – Farm Bill is expected to have expanded energy title
Future Opportunities for Agriculture and Energy…

• As agriculture changes, transportation demands will also shift:
  – Biofuel feedstock demand will shift certain commodities away from export markets and toward local processing
  – Biofuels cannot easily share pipeline infrastructure with traditional fuels
  – Biofuel production generates significant by-products that need to be transported to a variety of markets
  – New-generation biofuels will require harvest and delivery of very different materials in large quantities (i.e. crop aftermath, energy crops, etc…)
These are exciting times for agriculture, energy and transportation. We need to be forward-thinking and creative in crafting public policy. And, we need to collaborate and work together to solve issues and create new opportunities for each of these sectors.
Thank You!

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