



Farm, Ranch, and Rural Communities Committee

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OFFICE OF THE
EXECUTIVE SECRETARIAT

January 15, 2009

The Honorable Stephen L. Johnson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: FRRCC Letter of Advice on Draft EPA Biofuel Strategy

Dear Administrator Johnson:

Members of the Farm, Ranch, and Rural Communities Advisory Committee (FRRCC or Committee) appreciate the opportunity to review and advise you of our comments and impressions of the U.S. Environmental Protection Agency's (EPA) Draft Biofuel Strategy. Because this is our first effort in crafting an advice letter, we have chosen to use this letter as an executive summary of our findings with very specific concerns and information attached in the form of an appendix. This will allow us to give you a broad based review of our comments while ensuring specific points of all Committee members are reflected in the appendix for further explanation and consideration.

Overall, the majority of the Committee members found the document we reviewed to be less of an actual strategy for action and more of a positioning statement for EPA. Our review found the Draft Biofuel Strategy to be very general and even vague in some areas, leaving several critical questions unanswered. These questions are: Who is the audience for this document? How will the document be used and implemented? What tactics will be developed? What benchmarks will be set to determine the Strategy's effectiveness?

Maybe these comments reflect our lack of experience in evaluating a strategy of this sort. However, we believe that knowing the answers to the above questions would have helped us better judge the effectiveness of the Strategy in targeting goals and determining the overall scope of the Strategy.

Initially, the Strategy concerns are primarily corn-based ethanol. However, we believe the document should make it clear from the outset that all biofuels and cellulose will be required to meet the U.S. Energy Independence and Security Act of 2007 (EISA) standards. We also recognize that animal wastes, municipal, and other biogas/biofuel sources are not inclusively mentioned in the document. All of these will require careful coordination between EPA and the U.S. Department of Agriculture (USDA) to ensure feedstocks are produced within the base requirements of EISA and utilize accepted conservation and wildlife standards.

The feedstock production discussion must consider supporting the development and refinement of analytical tools to assess and quantify the indirect economic impacts of food and feed costs, food and resource security, greenhouse gases, air quality, and water quality and availability. This discussion should also cover the differing direct and indirect impacts of a broad array of feedstocks. The strategy document and tables should also address the environmental issues surrounding crop residues, soil quality, soil carbon, and fertility implications where residue is harvested for cellulosic biofuel production.

We have very specific concerns surrounding the assessment of land conversion for intensive biofuel production and the critical early identification and implementation of the best technologies of biofuel production as the industry continues to expand and grow. This further demands coordination and collaboration between EPA and USDA and the other concerned governmental agencies, while bearing in mind the impact decisions have on local and rural economies and environments.

We recommend the strategy document further highlight and refine the role of EPA in the Life Cycle Analysis (LCA). This is needed to clarify the goals and expectations in preparation for the Renewable Fuel Standard program as required under EISA (RFS-2). Doing so would ensure a higher probability of more desirable greenhouse gas emission reductions with all biofuels under the RFS-2.

The Strategy needs further description of EPA's plans regarding biofuel production and distribution. As we approach the limits of the blending wall, distribution infrastructure, vehicle technology, and engine warranties are critical. EPA should place more emphasis on ensuring analytical tools are available to evaluate both the direct and indirect effects of all energy forms, including petroleum. All of this should be done in light of the need for a domestically produced and diversified energy portfolio and it should be coordinated with the U.S. Department of Energy (DOE).

The Strategy needs to better define the relationships between EPA and other Federal, state, local, and tribal entities. On all levels, citizen involvement and input is critically important. Many states are in the process of developing their own biofuel policies, which demands coordination with EPA to avoid multilayered and perhaps conflicting programs and policies. At the Federal level, EPA's relationship with USDA is very important to both departments' mission with respect to sustainable biofuel production.

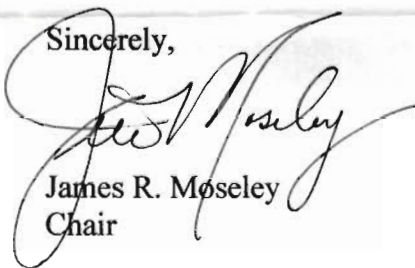
While the Draft Biofuel Strategy needs to look forward to cellulosic biofuel production with specific steps outlined for its development and implementation, it should not be biased against current corn ethanol production and the need to further improve this process. All biofuel feedstocks likely face environmental challenges and require clear and timely regulation and guidelines.

Conservation of our natural and fossil fuel resources needs to be an integral part of any biofuel strategy. Improvements in energy ratios, water efficiency, and ecosystem health are all important whatever biofuels path is taken. Land use issues are basic and critical to biofuel

production. We must look at what impacts biofuel production has on urbanization pressures, land values, tenancy, and local food production and distribution. The best science available must be employed in determining indirect land use issues.

Administrator Johnson, your Farm, Ranch, and Rural Communities Advisory Committee has reviewed the Draft EPA Biofuel Strategy and presented our general and specific recommendations for your consideration. While this is our first effort as a committee to advise you, we hope it will be helpful to you and the EPA mission. We have all witnessed the dramatic impact the biofuel industry has had on the economic vitality of agriculture and the energy security of our nation. We stand ready to assist you in anyway we can to continue this renaissance in agriculture while defending the sustainability of our land and climate.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Moseley". The signature is fluid and cursive, with a large initial "J" and "M".

James R. Moseley
Chair

Enclosure

cc: James O. Andrew, Working Group Chair
George Gray, Assistant Administrator, Office of Research and Development
Robert J. Meyers, Acting Assistant Administrator, Office of Air and Radiation
John B. Askew, Regional Administrator for EPA Region 7
Sally Shaver, Acting Counselor to the Administrator for Agricultural Policy
Rafael DeLeon, Director, Office of Cooperative Environmental Management
Alicia Kaiser, FRRCC Designated Federal Officer
Christopher Ashcraft, FRRCC Junior Designated Federal Officer

Appendix: FRRCC Comments on EPA Draft Biofuel Strategy

Members of EPA's Farm, Ranch, and Rural Communities Committee were asked to comment on the EPA Draft Biofuel Strategy. What follows, in brief summary form, is an edited version of these comments that attempts to emphasize those that appeared to have the greatest impact on the strategy.

- For many FRRCC members, the strategy document seems less of an actual strategy and more of a positioning document for EPA. It appears in places to be very general and vague. This leaves important potential strategic questions for EPA unanswered. What is the audience for this document, what tactics will be developed, and how will it be used? What benchmarks will be set to determine effectiveness of the strategy? This document is far from being a strategy for action.
- We have a concern that animal wastes, municipal, and other biogas/biofuel sources are not inclusively mentioned. This is a definitional question that starts with the Glossary and carries through to other parts of the document. Not including these other sources seems limiting. For example, Table 3.7 might include biogas.
- While corn-based ethanol is the focus of the initial discussion (p.6), it should be clear at the outset that all biofuel sources will be required to meet the EISA standards. This would include cellulosics, etc. in the longer term.
- How might EPA regulate on farm, back-yard, and other small-scale biofuel production?
- If there are reductions in air quality (referred to on p.9), could reductions in air quality be one of the limiting factors that might lead to lowering biofuel production goals?
- On Table 1.1, under feedstock production, here, or under sustainability, there should be an opportunity to also consider the indirect economic impacts of feedstock production such as increases in food and feed costs, food and resource security, etc. Specifically, including these issues as the Strategy is described might help. We assume that section 7 of this table includes concerns regarding greenhouse gases, water quality and availability, etc. We also assume that a broad array of feedstocks with different direct and indirect impacts will be considered under section 2, feedstock production.
- EPA's Draft Biofuel Strategy should have a plan for how it is going to verify producer compliance with the sustainability safeguards contained in the definition of "renewable biomass" in RFS-2. Tracking feedstock for biomass production throughout the supply chain is challenging, and EPA should work with USDA to develop a comprehensive strategy for ensuring that all agricultural producers and forest biomass producers are in compliance with the law.
- EPA should have a role (probably with USDA) ensuring that feedstock producers are meeting the basic requirements of EISA – whether through regulation, certification, or performance standards. To what extent does the EPA relationship with USDA ensure that such standards will be met? Will USDA do what is necessary with conservation compliance, etc. to improve the sustainability of feedstock production? If not, what can EPA do to ensure this?
- Table 2.1 which lists the environmental issues related to sustainable biofuel production needs to be sure to take account of the concerns being raised about harvested crop residues, soil quality, and Soil Organic Carbon (recent work by U.S. Agricultural Research Service/USDA scientists led by Wally Wilhelm, Nebraska.).

- In Table 2.2, it might be made more explicit that land conversion in the U.S. (not tropical) is an important issue – from hay land/pasture or Conservation Reserve Program to cropland, or from traditional commodity cropland to intensive biofuel production. Also, the GHG issue permeates Table 2.2. Is there a way to indicate this? Table 2.2 also begs comparison with petroleum on things like water use.
- New technologies for biofuel production are mentioned on the top of page 19. These beg the question whether they are to become best technologies available in a regulatory sense. If that is the case, the industry needs to know early on. One alternative would be performance standards, where firms would be free to choose whatever technology best meets the standards.
- In the section on EPA roles (p.22), while it is not in EPA's mission, there might be a reference to the necessity to consult and coordinate with USDA in issues like food and feed costs and availability.
- Page 43, the suggestion to study and measure the effect of external economic factors on land use changes, etc. It is critically important that this be a multi-scenario approach with sensitivity analysis for major inputs and objectives.
- For the Life Cycle Analysis, it is important to clarify whether LCA is being considered for the goals of the Renewable Fuel Standard program as required under the U.S. Energy Policy Act of 2005 (RFS-1). There also appears to be little encouragement to improve ethanol production facilities existing today that are grandfathered under the Act. LCA of biofuels must be pushed so it is ready for RFS-2. We do not want to be taken up with negative-emission-saving biofuels in RFS-2, and need to push ahead in ways to allow infrastructure and production methods for RFS-2.
- EPA could increase the incentive created by LCA for farmers to reduce greenhouse gas emissions from their operation by allowing individuals to demonstrate that they are reducing greenhouse gas emissions below the default values set by EPA in the LCA models used.
- How does EPA's concern with biofuels link to the regulation of vehicles? Is EPA planning to be involved with the auto industry regarding older automobiles' ethanol capacity?
- EPA's role and activities with respect to LCA are absolutely key to what happens with biofuels. This role can be further highlighted and specified.
- More detail on EPA's plans related to biofuels production as well as distribution infrastructure would be helpful. Distribution infrastructure and automobile technology and warranties are critical when we hit the blending wall.
- EPA should place more emphasis on ensuring analytical tools are available to evaluate the direct and indirect effects of other energy forms – especially petroleum.
- It is important that the document reflect the need for a domestically produced and diversified energy portfolio.
- There is more attention needed to describing the relationships between EPA and other federal, state, local, and tribal entities. At the local level, involvement and input is critically important. At the federal level, for example, the relationship with USDA is critically important to both EPA's and USDA's missions with respect to sustainable biofuel production. States are in the process of developing their own policies that relate to biofuels – EPA needs to be cognizant of these and work with the states to avoid multi-tiered and possibly conflicting programs and policies.

- While the strategy needs to look forward to cellulosic biofuel production with specific steps outlined for its development and implementation, it should not be biased against current corn ethanol production and the need to improve this process. All biofuel feedstocks face environmental challenges.
- Conservation of our natural and fossil fuels resources needs to be an integral part of any biofuel strategy. Improvements in energy ratios, water efficiency, and ecosystem health are all important whatever biofuels path is taken.
- Land use issues are basic and critical to biofuel production. This includes urbanization, land values, tenancy, and local use of products.