



Growing the BioEconomy: 2006 Biobased
Industry Outlook Conference
August 28-29, 2006
Ames, Iowa

Purpose of the Network

- Promote renewable energy across the spectrum of energy markets including: transportation, electricity, industrial fuels and home heating.
- Champion retaining wealth in rural communities through local investment in and ownership of energy plants and technologies.
- Create a Regional Network that
 - Is not a formal coalition with formal positions
 - Incubates new policy ideas.
 - Brings a wider Midwest perspective to policy discussion



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Steering Committee Represents:

- American Soybean Association
- Environmental Law and Policy Center
- Illinois Farm Bureau
- Iowa Farm Bureau
- Minnesota Farmers Union
- Minnesota Milk Producers
- Minnesota Soybean Associations
- Minwind Energy LLC
- North Dakota Corn Growers
- Wisconsin Farmers Union
- Wisconsin Dept of Agriculture
- Union of Concerned Scientists

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Network Vision Elements

- National 25 X '25
- Midwest Clean Energy Independence
- Local ownership of Ag Energy facilities in order to drive robust rural development



Ownership Matters

All projects create jobs and markets for inputs, but

- Ownership accelerates a virtuous cycle:
 - Wealth accumulation
 - Capacity building
- Energy and related businesses are capital intensive the value added is tied to capital investment not labor!



Ownership Matters

- Without opportunity to capture the added value, agriculture remains a low cost supplier of undifferentiated commodities.
- Cellulose ethanol plant scale –Ramping up plant size to 10,000 TPD generates many fewer jobs per dollar invested.

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What is needed for local ownership?



- *Viabile products and technologies*
- Markets and market access
- Access to expertise
- Access to capital
- Entrepreneurs - Leaders

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Local Ownership and New Technology

Commercialization Dilemma

- Many leaders do not want to see the local and farmer investors on the bleeding edge.
- Farmer/locally owned ethanol is already loosing market share – waiting until other competitors are entrenched will further erode market position.



Local Ownership and New Technology

- Continue Biorefinery commercialization program
 - Integrated Biorefinery Program - Sec. 932 EPACT
 - Reverse Auction Production Incentives – Sec. 942 EPACT
- Continue other biomass research development and demonstration programs
 - USDA – Section 9008 Biomass R&D program
 - USDA – Section 9003 – Biorefinery Grants - never funded, but suitable for targeting to locally owned projects



Local Ownership and New Technology

- Intermediate steps
 - Build on the existing fleet of farmer owned ethanol / biodiesel plants.
 - Biomass gasification for boiler fuel
 - Combined heat and power in existing plants
- Hedging our bets on a variety of Advanced Technologies
 - Manure digesters: methane to ammonia?

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Local Ownership and New Technology

Benefits

- Lowers the risk of moving towards advanced technologies
- Builds a supporting infrastructure
 - Creates a supply chain for feedstock and equipment
 - Allow many firms to innovate transportation strategies
 - Accelerate the exploitation of low-hanging fruit: opportunistic fuels.
- Allocates biomass to higher-value markets



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Local Ownership and New Technology

- Incentives for intermediate steps
 - USDA Sec. 9006 – great but small – need to grow the program substantially.
 - State Programs:
 - Iowa Renewable Production Tax Credit
 - (Designed for wind but some thermal set-a-side)



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Technical Assistance

Business Development Assistance

Business model and governance a major issue.

Farm Bill

- Value Added Producers Grant Program
- Rural Cooperative Development Program
- Increased cooperative development capacity at USDA

Other Economic Development Programs:

- Economic Development Admin.
- SBA
- State and Local Programs



Technical Assistance

Access to Technical Resources

- DOE Commitment to work with existing ethanol plants – Bridge to Corn Ethanol Program
- State level technology transfer programs –
 - MN's Agricultural Utilization Research Inst.
 - Land Grant based or other entrepreneurial assistance programs
- State programs to leverage federal cost share through Farm Bill and Energy

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Bill



Next Steps

- Advance our Vision
- Expand our Network
- Establish a Road Map
 - Further policy analysis and development
 - Regional Summit – Dec. 12-13 St. Paul Minnesota



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