

{As Prepared for Delivery}

**Remarks by  
Under Secretary for Rural Development  
Thomas C. Dorr  
Anaerobic Digester Conference  
Raleigh, N.C.  
Tuesday, June 3, 2003  
10:30 a.m.**

- **Thank you Tom (Christensen) or Ted (Payseur) –  
(Conference Co-Chairs and Moderators).**
  
- **I appreciate the opportunity to join in today’s discussion on  
the importance of finding ways to balance environmental  
stewardship with necessary production of our nation and  
the world’s livestock supply.**
  
- **I also believe this conference is important because it  
highlights two exciting and substantial opportunities for  
Rural America and Rural Economic Development.**
  - **Energy Production, and**

- **Second, to reaffirm what we've known for as long as we've been exploiting natural resources for the betterment of mankind ..... that adding value is truly the business of natural resource utilization.**
- **As a result this is an exciting time in rural America. It is a time when the country and our President are turning to our farmers, ranchers, and rural businesses for their knowledge and resources to help America become more economically strong and energy independent.**
- **As livestock producers continue to utilize new cost-effective technologies and streamlined production modes, they also recognize the need to address critical environmental issues such as the transformation of concentrated animal waste into products that can alleviate these concerns.**
- **Anaerobic digester systems have great potential for success, both as a business venture and as an environmental equalizer.**

- **The use of our natural resource base, which has been so focused on solving the world’s nutritional and environmental issues over the past 100 years, is now being positioned to assist in conquering more sophisticated environmental concerns, such as non-point pollution. In addition it is being viewed as a tool in providing energy security for the country.**
- **If adding value is at the heart of resource utilization, it is also a key element of rural economic development. Likewise – economist will always tell you that the greatest opportunity and the most effective way to grow and sustain a business is to focus on its core assets.**
- **By my estimation – focusing on adding value to sunlight and water, that is passed through a dirt medium, and that results in the production of high quality protein, in the form of meat, milk, and poultry products, should surely qualify.**

- **But unless we solve the actual and perceived environmental and nuisance issues presently surrounding livestock production, then our “core asset” in rural America is going to lose significance. Not only will it lose significance, the inability to deal with these issues will create a great economic disparity in the process.**
- **Let me give you a quick example. I’m from Iowa. Roughly, one-fourth of Iowa’s GDP (Gross Domestic Product) originates from agriculture. One-half of that contribution comes from livestock production. That means that about one-eighth of Iowa’s GDP is based on value-added agriculture – in this case livestock production.**
- **So can we resolve these concerns? Is there the commitment and political will to resolve these issues? This conference is evidence of our commitment.**
- **In fact I believe we are on the cusp of significant new growth opportunities for agriculture and all of rural America. And there is no greater supporter of rural America than President Bush and his administration.**

- **You may recall that the first major policy initiative of the Bush administration was released in May of 2001. It was to develop and give direction to our nation’s energy policy – one that highlighted the issue of energy independence and national security. This initiative clearly brought renewable energy to the table.**
- **In my view this focus and emphasis by the Administration set the tone and course for integrating renewable energy into our national security, energy, and agriculture policies.**

### **Congress Followed Up**

- **Then Congress followed up with the 2002 Farm Bill – which the President signed about a year ago.**
- **First, it incorporated significant environmental components which made sense and for which society has indicated a willingness to pay for.**

- **Second, Congress added for the first time an Energy Title to the Bill, Title IX. This is important because it signified a real commitment to Renewable Energy. Bear in mind that it took over 25 years to get ethanol from the development to the commercially successful stage. This legislation, along with the Bush Administration Energy Policy appears to firmly embed renewables into the energy infrastructure and lexicon of this country.**
- **Rural Development directly administers one of these Section of Title IX, Section 9006, and deals indirectly with 9008 and others.**
- **But allow me to reiterate.....the President's commitment and that of Congress sure suggests to me that the citizens of the U.S. are truly committing themselves to improving the energy sufficiency and security of this country.**
- **I would like to focus on Section 9006 of the Energy Title of the Farm Bill... The Renewable Energy Systems and Energy Efficiency Improvements Act. This program was authorized in the 2002 Farm Bill, and \$23 million in grant funds were appropriated for fiscal year 2003.**

- **But the development of the NOFA (Notice of Funding Availability) and the currently developing rule for implementing Section 9006 is what is most unique... we used as the model Section 9008 of the Bill, which is known as the Bio-Mass R&D Act. Administered by Mac Gray's shop.**
- **It is unique in that it employed a cross-cutting and collaborative approach to its implementation. It not only involved DOE and USDA joint efforts, but it dictated the use of a Federal Advisory Agency in conjunction with the appointment of a private sector panel of advisors as well.**
- **This effort provided the guidance for determining how to most effectively utilize the funds for research dictated by the act.**
- **This effort also proved that collaboration and interagency efforts worked.**

## **SECTION 9006**

- **Building on the success of 9008 I determined that we would aggressively pursue a collaborative approach to getting this program implemented.**
  - **We conducted joint public hearing to obtain as much input as possible.**
  - **We involved DOE, EPA, ERS, NRCS, and FSA... Bruce Knight was one of the first people that I visited with.**
  - **We urged them to consider two particular issues as they developed the rules...**
    - **Tax Incentives**
    - **Short Distributive Electric Grid Issues**
- **The results are minimum grants of \$25,000 for new systems and \$10,000 for efficiency improvements and maximum of \$500,000 and \$250,000 respectively.**
- **No more than 25 percent grant and no more than combined total of 50 percent grant and loan for project.**



- **We have been sensitive to constituent concerns and thus on May 19, 2003 we extended to June 27, 2003 the application-filing deadline.**
- **The reason for pointing this out is that we, not just Rural Development, but all of USDA recognized the importance of the need to resolve the issues surrounding the proven value-added attributes of the livestock industry.**
- **It appears that we not only have technical solutions for the real and perceived nuisances of the livestock industry, but the “nuisances” actually appear to be opportunities.**

**Let me go back to the state of Iowa for a minute:**

- **The state is #1 in hog production and egg production.**
- **Twenty-five years ago we were #1 in cattle and now we are 7 or 8.**

- **Yet the smell of hog manure that used to be touted as the smell of money, now is disdained. It makes adversaries out of lifelong friends, neighbors, and even family members.**
- **There is no doubt in my mind that Iowan's are much more skeptical of the "mortgage lifter" industry moniker than ever before.**

### **WON'T CEDE THE INDUSTRY**

- **Yet, I am neither ready to cede the industry to international competitors nor those who don't care to understand the value and significance of this industry.**
- **We have solutions. We must deal with this issue and we must deal with it before it is too late and the industry has moved elsewhere in the world.**
- **There is energy in manure. There are valuable nutrients in manure. The evolution of technology has made it a valuable by-product of animal production.**

- **Although Dr. Collins (Keith) will articulate the economic facts... suffice to say that livestock production is a critical component to the health of our nation's economy, as well as to maintaining our competitive ability in global markets.**
- **It is clearly too important to give up when we have the tools to improve and make it more valuable.**
- **The best example of this is a customer of Mark Moser's, co-author of Agstar, near Chico, California. Leo Langerwerf and his wife and family milk 350 cows. They have been in the dairy business a long time. His parents started the farm shortly after they moved to the states from the Netherlands.**
- **The interesting thing is you can tell a working farm/farmer when you drive onto the property. It is generally well-kept, but at the same time functional.**

- **Their digester has been in operation for 20 years and only required shutdown three times -- to overhaul the generator and to empty the digester to look at it. This digester provides all the power and hot water for the dairy operation and the farmhouse – with the exception of peak power demands in July and August. Plus, nutrients that allowed him to produce outstanding forage on limited acreage.**
- **There is no doubt in my mind this technology is commercial and scalable.**
- **If we commit ourselves to this initiative, we will overcome the environmental and nuisance issues associated with waste management.**
- **And how does Rural Development fit into the development of such ventures? Through capital investments.**

- **As rural America's Venture Capitalist, Rural Development provides equity, liquidity, and technical assistance to finance and foster growth in existing and new opportunities for homeownership, business development, and critical community and technology infrastructure. The return on this equity is the economic growth realized through direct assistance and incentivizing private market forces.**

### **Mission**

- **It is with this vision in mind that Rural Development's mission has been designed to deliver programs in a way that will support 1) increasing economic opportunity and 2) improving the quality of life of rural residents.**
- **Rural Development must, as rural America's venture capitalist, utilize the tools and resources at hand to support new economic growth in Rural America.**
- **We seek to accomplish this through the delivery of over 40 programs through three agencies:**

- **Our Rural Housing Service which administers single-family and multi-family housing programs, along with essential community facilities;**
  
- **Our Rural Business-Cooperative Service that provides grants, loans and loan guarantees to support economic development and job creation; and**
  
- **Our Rural Utilities Service which support basic community infrastructures such as water, wastewater, electric and telephone, along with technology infrastructure that provides our rural citizens with greater opportunity to enhance their education, to improve local services, increase the competitive edge in the marketplace, and provide an overall higher quality of life.**

## **Closing**

- **When we look at the overall challenges facing our rural communities, foremost, we must recognize that while approaches of the past were right for the time, we must aggressively look to new methods of addressing new challenges that are upon us now.**
- **If we begin to succeed at these initiatives, that of increasing economic opportunities and improved quality of life, many of which are already in play, then opportunities will move into these rural areas.**
- **Thank you.**