

Report: 25 x '25 goals attainable and economical

By **BILL SPIEGEL**

FARMERS, ranchers and foresters can supply at least 25% of the nation's energy needs with renewable resources by 2025, thus meeting the objectives set forth by the 25 x '25 Ag Energy Work Group, according to a research report by the University of Tennessee. The study's findings were unveiled recently at a press conference in Kansas City.

The study was funded by the 25 x '25 group, the Energy Future Coalition and the Energy Foundation.

By 2025, the United States will require 117.7 quadrillion British thermal units of energy, also called quads.

The UT study examined two scenarios. One is to replace 29.42 quads, or 25% of the nation's expected needs based on a Rand Corp. study, which estimates that 12.1 quads will be produced via geothermal, solar, photovoltaic, hydro and wind energy in 2025. That, combined with the 1.87 quads now produced from biomass, leaves a deficit of 15.45 quads needed from the agriculture and forestry industries. This scenario is called the All Energy Scenario.

The Rand report, incidentally, concludes that renewable energy is shown in simulations to lower total energy expenditures in virtually all cases in which current energy price and technology cost trends continue, says Reid Detchon, executive director of the Energy Future Coalition, which requested the study.

"Under many scenarios, renewable energy use would cost less in total than continuing with 'business as usual,'" Detchon says.

The second scenario, called the EPT Scenario, examines the impact of producing 25% of the nation's electric power and motor vehicle fuel. This would require 9.6 quads from agricultural producers. While overall benefits would be less than with the All Energy Scenario, net benefits to agriculture would be significant.

Ag products needed

A wide range of agriculture products, from soybeans to switchgrass, corn to forest residues, and stover to food waste, will be needed to fuel the U.S. appetite for energy.

To put 9.6 quads in perspective, it is the equivalent of 86 billion gallons of ethanol, 1.1 billion gallons of biodiesel and 932 billion kilowatts of electricity from renewable sources. That 86 billion gallons of ethanol will require over 2.5 times more corn than the 12 billion bushels currently produced in the United States.

"This is a beautiful opportunity that seldom arises in agriculture today," says Daniel De La Torre Ugarte, associate professor of agricultural economics at UT and one of the researchers.

Meeting the 25 x '25 objectives would require yield increases in feed grains, strong contributions from the forestry

Key Points

- University of Tennessee study finds 25 x '25 renewable-energy goal possible.
- Grain-based ethanol will carry initiative until cellulosic technology improves.
- Stock producers will adapt to high grain demand with distillers grain, soy meal.



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DANIEL DE LA TORRE UGARTE

sector, utilization of food-processing waste for ethanol and the use of 50 million to 100 million acres for dedicated energy crops like switchgrass. The study uses U.S. Department of Energy estimates that say the technology needed to produce cellulosic ethanol efficiently and economically will be available in 2012.

The cellulosic ethanol industry will create huge demand for dedicated fuel crops such as switchgrass, the researchers predict.

Sustained demand

"By 2025, we expect these crops will be grown on 100 million acres or more," De La Torre Ugarte says. "Many acres of soybeans in the southeast U.S. will be switched to fuel crops. The initial boom of energy crops will happen there."

The study estimates that using new and existing sources to provide the feedstock to meet the 25 x '25 goal will add \$180 billion in net farm income between now and 2025, says Read Smith, co-chairman of the 25 x '25 Project Steering Committee. In 2025 alone, net farm income would increase over USDA baseline projections by \$37 billion.

Farmers could see per-bushel price increases of 71 cents for corn, 48 cents for wheat and \$2.04 for soybeans above the USDA projections for 2025, Smith adds. These higher market prices could save more than \$15 billion in counter-cyclical and loan deficiency payments to farmers, based on current farm program guidelines.

An increased emphasis in grains and grasses for fuel will affect livestock producers, researchers point out. De La Torre Ugarte says livestock producers will respond by using more distillers grain and soy meal, both of which are byproducts of the ethanol and biodiesel conversion process.

"The livestock industry can adjust inventories to the realities of the market," he says.

Find more information about the Rand and UT studies at www.25x25.org.

NewsWatch Notes

Satanta teen exhibits champion steer at NAILE

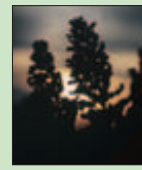
Tera Rooney, Satanta, won the Grand Champion Junior Market Steer Show at the North American International Livestock Exposition in Louisville in November. Rooney, an 18-year-old senior in high school, earned a \$25,000 top bid for the sale of her steer, Rico, at the expo's Sale of Champions. It was bought by the Centerplate Corp. and the North American Food Court. Exhibitors receive 80% of the sale price; 10% is retained by the expo for promotion, and 10% helps to fund a school program. Meat from champion animals is used to feed homeless people in the area.

Ethanol industry on pace for 20% growth in production

Ethanol production and demand continues to be strong as the Renewable Fuels Association estimates that U.S. ethanol producers averaged 320,000 barrels per day in August, the most recent data available. During the first eight months of 2006, ethanol production averaged 305,000 barrels per day, a number that grows with each ethanol biorefinery that comes on line. As of Dec. 1, there were 108 refineries on line, with 5 billion gallons in capacity. Fifty-five plants are under construction and seven are expanding. These will add an additional 4.3 billion gallons of capacity.

Ingalls farmer to lead the Kansas House

Melvin Neufeld, R-Ingalls, was elected in December by other members of the Kansas House of Representatives to be speaker of the House when the 2007 legislative session convenes Jan. 7. Neufeld, who farms in western Kansas, will be in charge of naming committee members and directing the flow of legislation. According to published reports, Neufeld's top priority this session is to bring unity to the House Republicans, who are divided between conservatives and moderates. The 2007 legislative session begins Jan. 8.



UAGR-Lite crop insurance now includes Kansas

For the 2007 crop insurance year, Kansas farmers have access to the Adjusted Gross

Revenue-Lite insurance plan, USDA Secretary Mike Johanns announced in November. AGR-Lite is a whole-farm revenue insurance plan that protects against low revenue due to unavoidable natural disasters and revenue fluctuations. Policies are limited in size to a maximum liability of \$1 million annually. Most farm-raised crops, animals and animal products are eligible for protection. The plan uses a producer's five-year historical farm average revenue, as reported on Internal Revenue Service tax returns (Schedule F or equivalent forms), and the current year's farm plan, as a basis to provide a level of guaranteed revenue for the insurance period. It can be used by itself or with other federal crop insurance plans. Visit the Risk Management Agency Web site, www.rma.usda.gov, for details.

Farm Bureau announces

YF&R award winners

Jeanne Wedd, Barton County; Stacey Forshee, Cloud County; and Nick Levendofsky, Republic County, won Kansas Farm Bureau Young Farmer and Rancher awards during the KFB annual meeting in November. Wedd earned the Achievement Award, which recognizes folks for accomplishments in farm management and community leadership. She manages a diversified farm and ranch, including crops and cattle. Forshee earned the Excellence in Ag Award, which honors those who are active in agribusiness, community and Farm Bureaus. Forshee and her husband have three children and operate a diversified crop and livestock enterprise. Levendofsky won the Discussion Meet, which enables young people to develop public speaking and problem-solving skills. A Kansas State University student in agricultural communications, Levendofsky grew up on a diversified crop and livestock farm.

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