



National Biodiesel Board
P O Box 104898
Jefferson City, MO
65110-4898
(573) 635-3893 *ph*
(800) 841-5849
(573) 635-7913 *fax*
www.biodiesel.org

December 6, 2002

The Honorable Thomas Dorr
Under Secretary, Rural Development
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250

Dear Under Secretary Dorr:

The National Biodiesel Board appreciates the opportunity to offer comments regarding implementation of Section 9006 of the Farm Security and Rural Investment Act of 2002. This section of the Farm bill offers exciting opportunities for farmers, ranchers and rural America to be leaders in implementing renewable energy systems and making energy efficiency improvements. We believe biodiesel is an important component in developing renewable energy systems and energy efficiency.

As USDA considers rules and regulations for implementing Section 9006, we encourage USDA to develop this program broadly and with the flexibility to include fuel use in defining renewable energy systems and energy efficiency improvements. Biodiesel is a domestically produced, renewable fuel that can be used in unmodified diesel engines with the current fueling infrastructure. It is commonly made from vegetable oils such as soybean oil. In short, biodiesel production and use has provided direct benefits to farmers, ranchers and small businesses in rural America for several years and we expect that benefit to continue to grow in the future.

The use of biodiesel clearly benefits the environment while at the same time creates an alternative energy source that expands rural renewable fuel systems. Testing confirms that biodiesel is non-toxic, readily biodegradable, and reduces serious air pollutants such as carbon monoxide, carbon dioxide, unburned hydrocarbons, particulates, sulfur emissions and air toxics.

We believe implementation of this program should offer flexibility, diversity and creativity. There should be a balanced mix of grants, loans and loan guarantees, in addition to geographic and technological diversity. Funds should be made available based on what works best for specific projects in specific geographic locations. Flexibility is key and instances where partnerships and cooperation are developed should be rewarded.

There are a variety of ways in which Section 9006 can be implemented that offer substantial and immediate benefits to agricultural operations through the use of biodiesel. For example, funding can be provided to improve distribution logistics to service biodiesel use on the farm. The agricultural market is the second largest market for biodiesel. As such, there are several public/private partnerships that are working to make biodiesel more accessible to rural communities. Utilization of grants, loans or loan guarantees through Section 9006 funding could

assist in providing storage and blending equipment at targeted terminal locations that service farmer cooperatives. This could be leveraged with outreach efforts to educate farmers, ranchers and rural small businesses about the renewable energy and energy efficiency benefits of biodiesel use.

Biodiesel is also a plausible option for reducing on-farm pollution. Farm irrigation units used widely in California agriculture that may be targeted to change to electricity or natural gas may not be practicable for many operations. These irrigation units are largely in remote areas and are run almost entirely on petroleum-based diesel fuel because the costs associated with implementing the use of electricity or natural gas can be prohibitive. B20 can be used in existing engines, pumps, and tanks to provide pollution reduction now. In addition to diesel irrigation units, B20 also can be used in diesel-powered farm equipment or other agricultural-related equipment to further reduce emissions.

In urging USDA to define rural small businesses broadly, we recommend including groups and entities that support farmers, ranchers and rural small businesses. These could include local governments, quasi-governmental entities, non-profits and rural school districts, among others. For example, rural school districts can greatly benefit from the use of biodiesel in their school bus fleets. Several scientific studies have raised public concern about the harmful effects of diesel exposure to school children who ride school buses. The use of biodiesel can reduce the threat to human health compared to petroleum diesel, and several school districts nationwide have made the switch to biodiesel because of its reduced emissions. Because it works in any diesel engine with few or no modifications, biodiesel offers schools a relatively inexpensive option for an immediate solution to air quality concerns. A direct grant to a school district could help offset the slightly higher cost of biodiesel.

These are but a few examples of how farmers, ranchers and rural small businesses could benefit from the use of biodiesel. We encourage USDA to broadly define the ways in which Section 9006 can be implemented that incorporates a variety of possibilities in using renewable energy systems and energy efficiency projects. Biodiesel can be an important part of this mix and will directly benefit rural communities as well as offer environmental and energy security benefits.

Sincerely,

Joe Jobe
Executive Director