



## ***West Coast Collaborative*** **Agriculture Workgroup**

July 18, 2005 Teleconference Meeting Summary

The Agriculture Workgroup met by teleconference on July 18, 2005. This was a regularly scheduled meeting to provide an update on the Collaborative, including federal congressional news and current resources and conferences. The call also included a report from the Northwest on the status of recent biodiesel legislation in Oregon and Washington, an overview of future plans for Tier 3 agriculture engines and the use of biodiesel in agriculture equipment.

### **Sector Relevant Grants and Conferences**

EPA reported on several grant opportunities and events currently open and relevant to the Agriculture sector. The West Coast Collaborative continues to track funding opportunities and conferences on the website [www.westcoastcollaborative.org](http://www.westcoastcollaborative.org) under the “Resources” and “Calendar” sections. It was also announced during this call that additional funding information can be found on the Oregon Department of Agriculture website at <http://egov.oregon.gov/ODA/grants.html>.

*Resource Conservation Challenge Grant* – EPA has proposed a Resource Conservation Challenge Grant Program with total funding estimated at \$100,000 to be delineated in 12 expected awards with a ceiling of \$20,000 each. Applications are due July 20, 2005. The New England Office of Pollution Prevention is offering the grant to 1) provide education and outreach, 2) to stimulate market development for materials difficult to recycle or reuse, 3) to incorporate source reduction, recycling, and waste reduction into EPA initiatives, and 4) to integrate source reduction, pollution prevention, and waste reduction concepts in environmental programs. The grant is open to city, local, and Native American/tribal governments, non-profits of 501(c)3 status, and private and public higher education institutions. More information is available at: <http://fedgrants.gov/Applicants/EPA/OGD/GAD/EPA-R1-RCC-05/Grant.html>.

*USDA’s Small Business Innovation Research (SBIR) Grants* - The Department of Agriculture, Cooperative State Research, Education, and Extension Service, Office of Extramural Programs is offering the Small Business Innovation Grants. The purpose of the SBIR program is to provide an opportunity for US-owned, for-profit small business firms to submit innovative, applied, research and development projects that address important problems facing American agriculture and have the potential to lead to significant public benefit if the research is successful. Research proposals are accepted in any of the following topic areas: 1) Forests and Related Resources; 2) Plant Production and Protection; 3) Animal Production and Protection; 4) Air, Water and Soils; 5) Food Science and Nutrition; 6) Rural and Community Development; 7) Aquaculture; 8) Industrial Applications; 9) Marketing and Trade; 10) Wildlife; 11) Animal Waste

Management; and 12) Small and Mid-Size Farms. The SBIR program exists in three phases. The purpose of Phase I is to prove the scientific or technical feasibility of the proposed research and development effort. Phase I projects typically are for 8 months. Phase II is the principal research and development effort and often involves moving the project from the laboratory to the field or the development of prototypes. Phase II projects typically are for 24 months. Phase III is the commercialization phase and there is no SBIR support provided for this phase. The maximum award amount is \$300,000 and the minimum award amount is \$80,000. There is no requirement to cost share or provide matching funds. The RFA for FY 2006 was released on June 2, 2005 and Phase I applications are due on September 1, 2005. Phase II applications are due by February 2, 2006. For more information, go to: [http://www.csrees.usda.gov/funding/rfas/sbir\\_rfa.html](http://www.csrees.usda.gov/funding/rfas/sbir_rfa.html)

*National Biodiesel Conference and Expo* – Scheduled for February 5 – 8, 2006, in San Diego, California, the National Biodiesel Conference and Expo 2006 is sure to attract a record number of biodiesel marketers, consumers, feedstock growers, fuel distributors, government leaders and biodiesel users. The national Biodiesel Board is planning a rich educational program featuring presentations and discussions from the industries most influential and knowledgeable leaders. For more information, go to: <http://www.biodiesel.org/expo2006/>.

### **Update on Biodiesel Legislation in Oregon**

Brent Searle, Oregon Department of Agriculture, provided a brief overview of the status of biodiesel infrastructure and biodiesel legislation in the state of Oregon. He reported that the first biodiesel processing facility in Oregon opened last week in Salem. It uses used cooking oil and has a current capacity of one million gallons and a future capacity of up to four million gallons. In legislative news, there are 7-8 bills currently in consideration in Oregon that contain emissions reduction incentives such tax credits for facility citings and technological advancements. Other incentives being considered are property tax exemptions for biodiesel and ethanol production facilities, pollution control tax credits for equipment and machinery which the Oregon House Republicans have asked to broaden, and small (\$5/acre) tax incentives for oil-feed crops. The bills have been consolidated in the House and are back in Senate.

The Oregon Senate is also reviewing a renewable fuels standard which would require all diesel to be a 2% biodiesel blend (estimated to be 15 million gallons per year of biodiesel total); however, the blending mandate would not go into effect until specific in-state production levels were met. Ultimately, the goal is have 100% in-state biodiesel production with no dependence on imported fuels from outside of Oregon, like the effort already in place in Minnesota. Whereas soy beans are the crop of choice in much of the Midwest, canola is the crop of choice for Oregon due to weather and growing conditions. There is some opposition to canola because of problems with cross-pollination; however, details will still need to be worked out.

Other legislation under consideration includes a 30-page bill on funding for solar feasibility studies, a motion to do away with the state fuel tax for facilities burning B100, and streamlining energy facility citations (currently, high volume biodiesel production facilities have the same requirements as nuclear facilities).

Additional information can be found at:

<http://www.oeconline.org/climate/biofuelsfororegon>

### **Cleaner Agriculture Equipment**

Howard Gerwin from John Deere Power Systems shared information on the company's approaches and plans for using biodiesel in a variety of farm equipment. He also gave a brief overview regarding their Tier 3 engine strategy.

John Deere recently released a press announcement stating that there will be a 2% biodiesel factory fill on all new products leaving the factory. The press announcement can be read at

[http://www.deere.com/en\\_US/newsroom/2005/releases/farmersandranchers/050201\\_biodiesel.html](http://www.deere.com/en_US/newsroom/2005/releases/farmersandranchers/050201_biodiesel.html).

This practice will hopefully help drive the production of biodiesel. In addition, John Deere is currently working with states to create an industry standard for engine technology. The company currently allows up to 5% biodiesel blends (B5) to be burned in engines without discretion for warranty claims.

John Deere has set a goal of January 1<sup>st</sup> to launch their Tier 3 engine which will have a 2-5% improvement in fuel economy over the Tier 2. Currently, Tier 2 emissions standards are successfully in place in the irrigation systems of the San Joaquin Valley. One of sector Workgroup members asked if weather would affect the engine performance. Mr. Gerwin responded that fuel can be blended in a manner that weather issues can be easily avoided. Another participant asked if it was possible to retrofit existing engines through John Deere. Mr. Gerwin replied that the company does not manufacture after-treatment equipment; however, they do have a list of recommended vendors.

### **Agriculture Related Issues**

Two additional topics of discussion were brought up by Workgroup members during the call. They were:

*Methane (Bio)digesters* – A question about a dairy waste problem in Yakima County, Washington State and the related need for funding led to a discussion about methane digesters. The question was: Since the problem of dairy waste in Yakima County is one of scale and economics and not necessarily research-based, are there any sources of funding for much-needed ongoing efforts to combat the prevalent odor problem? Kerry Drake of EPA, replied that research and development funds would be available for such projects from an air quality standpoint since all dairy waste produces nitrogen oxides (NO<sub>x</sub>). The Workgroup then discussed implementation and application as well as design and function issues for biodigesters. Due to the apparent interest in the subject, it was suggested that the next Workgroup call center around biodigesters, and that industry

representatives specializing in the topic should be invited to participate in 1. Suggested related topics of discussion included NOx controls, the hydrogen sulfide problem, lean burn engines, the role of biodiesel as an alternative to cleaner diesel, and problems with non-compatibility with current engine technology.

#### Action Item

If anyone has contacts who would be interested in joining a biodigesters themed call, please send them to Penny McDaniel or Peter Murchie (contact information below).

*Cornell Study* – A few members also expressed concern over a recent Cornell University study which states that producing ethanol and biodiesel uses more energy than the resulting fuel generates. A summary article can be found at <http://www.news.cornell.edu/stories/July05/ethanol.toocostly.ssl.html>. The study was also published in *Natural Resources Research* (Vol. 14:1, 65-76). There was some debate on the merits of the study which led to a reiteration of the roll of the Collaborative to foster discussion and create a forum for transparency which links to all sides of topics related to diesel issues.

#### **General Update on the Collaborative**

##### *Diesel Emissions Reduction Act*

The recently introduced Diesel Emissions Reduction Act of 2005 provides for an EPA-administered federal grant and loan program for up to \$1 billion over five years to support state, municipal and private business initiatives across America to lower pollution from existing diesel engines. The amendment will help areas reach attainment with new air quality standards. Developed with environmental, industry and public officials, the amendment complements U.S. EPA regulations now being implemented that address diesel fuel and new diesel engines.

Wayne Nastri, EPA Region 9 Administrator, testified before the U.S. Senate Committee on Environment and Public Works on July 12, 2005 in support of the Diesel Emissions Reduction Act. His Hearing Statement can be found at [http://epw.senate.gov/hearing\\_statements.cfm?id=240471](http://epw.senate.gov/hearing_statements.cfm?id=240471).

##### *Appropriations*

The three programs dedicated to voluntary diesel emissions reductions within EPA's budget are currently in joint conference to resolve discrepancies between the House and Senate versions. It is expected that these discrepancies will be resolved within 1-2 weeks.

- The House version of the bill allocates \$10 million for the *National Clean Diesel Campaign*, of which the Collaborative will get the vast majority of the funds during the first year. The Senate version allocates \$0 and the President's proposed budget allocated \$15 million.
- The House version of the bill allocates \$10 million for *Clean School Bus USA*. The Senate version allocates \$1 million and the President's proposed budget allocated \$10 million.

- The House version of the bill allocates \$3 million for *Communities Activated for a Renewed Environment (CARE)*. The Senate's version of this bill allocates \$0 and the President's proposed budget allocated \$9 million.

Note - Federal budget information congressional updates can be found on the Collaborative website under "Announcements" on the homepage.

#### *Interim Steering Committee (ISC) Meeting*

The Interim Steering Committee (ISC) met by teleconference on July 13, 2005. This was a regularly scheduled meeting to check-in on upcoming activities and events and to follow-up on action items from the previous meeting. Two major topics were discussed which were:

#### Cleaner Fuels

The ISC recommended that the Collaborative should focus on three actions in particular to promote and support information exchange about alternative, cleaner fuel use with potential to pursue additional options in the future:

- Continue to promote and discuss cleaner fuels options within sector workgroups
- Create an information center on the Collaborative website - all areas of clean fuel would be open for consideration
- Support workshops, using a model being developed by Collaborative members in the Bay Area

#### Organizational Transformation

At the last ISC meeting, the ISC requested additional information on organizational transformation options, such as establishing a new non-profit or partnering with an existing non-profit in order to address some organizational structure deficiencies. The organization deficiencies noted included the Collaborative's inability to receive and distribute private sector funds and federal agencies' inability to have non-agency decision makers participate in agency grant selection.

On July 13, the ISC suggested that the Collaborative not pursue the development of a new non-profit organization due to limitations on EPA's ability to participate in such a non-profit and concern over the time and resources required to transition to a non-profit organizational structure. Rather than establish a new non-profit, it was determined to leave open the possibility of partnering with an existing non-profit should a mutually beneficial arrangement be possible. Possible partners include: Weststart-CALSTART, the Great Valley Center, Clean Air Northwest, and CAPCOA.

#### *Arizona Funding Workshops*

Arizona recently kicked off its entry into the Collaborative through two workshops – one held in Tucson, AZ on June 29, 2005 and the other held in Phoenix, AZ on June 30, 2005. One of the many projects ideas to come out of these workshops was an interest in a possible sister-city biodiesel project with border communities in Mexico. Summary materials from these workshops can be viewed at

<http://www.westcoastcollaborative.org/files/meetings/2005-06-29/index.htm>.

Note – If anyone would like to see a similar, small (30-100 people) workshop held in their area, please contact Michelle Roos, whose contact information can be found below.

**Conclusion**

The next Agriculture sector workgroup call will be September 19, 2005, 10-11am PDT.

**Attendees**

Contact Name	Contact Organization	Contact Phone	Contact e-mail
Allen Dusault	Sustainable Conservation	415-977-0380 ext 303	<a href="mailto:adusault@suscon.org">adusault@suscon.org</a>
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(Charlie) Charles M. Stansel	Yakima Regional Clean Air Authority	509-834-2050, ext. 113	<a href="mailto:charlie@yrcaa.org">charlie@yrcaa.org</a>
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Kathryn Phillips	Environmental Defense	916-340-2615	<a href="mailto:kphillips@environmentaldefense.org">kphillips@environmentaldefense.org</a>
Kathy Diehl	U.S. EPA Region 9	415-972-3996	<a href="mailto:diehl.kathy@epa.gov">diehl.kathy@epa.gov</a>
Kerry Drake	U.S. EPA Region 9	415-947-4157	<a href="mailto:drake.kerry@epa.gov">drake.kerry@epa.gov</a>
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