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Hearing on:
The Role of Agriculture and Forestry in Global Warming Legislation
Committee on Agriculture, Nutrition, and Forestry
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Chairman Harkin, Ranking Member Chambliss, and members of the Committee, thank you for inviting me to testify. It is a pleasure to appear alongside Secretary Vilsack and Dr. Holdren.

As you know, the President has called for legislation to decrease our dependence on oil, create millions of new jobs in clean-energy industries, and reduce the greenhouse-gas pollution that is already having visible impacts on our country. For all three of those goals, the President's call to action is as much about helping rural America as it is about helping urban America.

There are several ways to achieve these goals. For example, the clean-energy bill recently passed by the House includes a program to help American automakers produce and sell vehicles that are more fuel-efficient. That program goes beyond the light-duty cars used in cities and suburbs to include the trucks and non-road vehicles used in farm and ranch country.

The incentive structure of the House bill is designed to catapult American companies forward in the burgeoning global market for clean-energy technologies. Those American employers include not just the advanced battery manufacturer in Massachusetts and the solar-panel installation firm in Arizona. They also include the wind-tower manufacturer in Iowa, the bio-diesel processor in Ohio, and the bio-based insulation producer in Arkansas.

The U.S. Global Change Research Program (in its recently-released "Global Climate Change Impacts in the United States" publication) has reported the impacts that we would see in America over the course of this century if we allowed global warming to continue unchecked. Those impacts would not be limited to the urban coast of South Florida and the arid hills of Southern California. The Great Plains would likely experience more sustained droughts and increased infestations of insect pests better adapted to a warmer climate. The Southeast would likely experience declines in livestock production due to heat stress and more frequent and intense forest wildfires. The Midwest would likely experience reductions in water levels in the Great Lakes, more frequent spring flooding, and more severe summer drought.

So rural America is very much on the President's mind as he urges Congress to send him a bill that lessens our dependence on oil, creates high-paying jobs that cannot be sent overseas, and reduces the pollution that contributes to harmful climate change.

Getting America running on clean energy will require each of us to make a modest investment. For instance, EPA projects that if the bill recently passed by the House were enacted, then gasoline and diesel prices would be slightly higher in 2020 than under business as usual.

But the House-passed bill includes provisions designed to soften many of the cost impacts that worry farmers. For instance, the program described in the bill would distribute free emissions allowances to energy-intensive nitrogenous fertilizer manufacturers and wet corn millers. It also would direct the value of many allowances to propane consumers, such as the farmers who use it in drying corn.

Overall, EPA projects that the House-passed bill would entail an average annual per-household cost of between 22 and 30 cents a day over the life of the program. CBO projects 48 cents per day in 2020. The per-household impact would not be uniform across the country; the costs would be higher in states where people regularly drive long distances and rely almost exclusively on coal for electricity. But, as CBO has explained, those regional differences likely would be small. And even if the cost borne by the average household in a particular state were double the national average projected by CBO, it still would be less than a dollar a day in 2020.

The modest costs that farmers would bear likely would be exceeded by direct financial compensation for actions that qualify as offsets. Under the House-passed bill, American farmers, foresters, and ranchers would be the beneficiaries of a new, voluntary, free-enterprise program in which they could, if they chose, receive money for offsetting others' emissions by increasing carbon sequestration on their lands or reducing methane emissions from their operations. EPA projects that the offsets generated by American farmers, foresters, and ranchers in 2020 alone would have a market value of nearly 3 billion dollars that year, and that the amount would increase every year.

The U.S. government is in a good position to establish a robust, domestic offsets program. USDA has scientific expertise in greenhouse-gas management with croplands, rangelands, forests, and livestock. Since 1993, EPA has run the AgSTAR program, in which the agency's technical experts work with farmers to find opportunities to capture methane gas and put it to profitable use. And, through its Climate Leaders program, EPA has developed a series of offsets methodologies that have undergone extensive review and testing.

The development of an offsets market will require a full partnership between relevant federal agencies, including USDA, EPA, the Department of the Interior, and the Department of Energy. EPA looks forward to continuing and intensifying that partnership.

I thank this Committee for its constructive involvement and engagement with the agricultural community on this issue. I think your work will help ensure the success of legislation to get America running on clean energy.

Thank you again for inviting me here today. I look forward to answering your questions.