WASHINGTON (DTN) -- Ethanol groups made their case to members of Congress Thursday to get rid of land-use provisions in the Renewable Fuels Standard debate, but it was akin to preaching to the choir. Another committee with direct oversight voted down a similar proposal to strip land-use provisions from the RFS on Wednesday evening.

The House Ag Committee held a hearing Thursday to review carbon fuel-standard proposals being implemented by the Environmental Protection Agency and the California Air Resources Board. (DTN file photo)

The House Agriculture Committee held a hearing Thursday to review carbon fuel-standard proposals being implemented by the Environmental Protection Agency and the California Air Resources Board. Ag-state lawmakers and representatives of the biofuels industry lamented the emission challenges that indirect land use rules place on domestic biofuels.

House Ag Committee Chairman Collin Peterson, D-Minn., and Ranking Member Frank Lucas, R-Okla., have co-sponsored a bill that would strip the indirect land use provisions from the Renewable Fuels Standard and also expand the definition of renewable biomass. Peterson's committee, however, cannot mark up the legislation because it was referred to the House Energy and Commerce Committee. That committee defeated a similar amendment on Wednesday as lawmakers continue debating the climate bill.

There is a battle going on in the hallways of Congress between the House Agriculture Committee and House Energy and Commerce Committee over the role of agriculture in the climate bill and the challenges of indirect land use provisions.

Peterson has said he will not support a climate bill without numerous changes, and he wants the climate bill referred to his committee. He also has indicated the 28 Democrats on the House Agriculture Committee may not support the climate bill unless this land use issue is resolved.

Peterson and Lucas stressed in their hearing that the indirect land use provisions put arbitrary limits on the use of the nation's renewable energy.

"We must make sure our energy policies are not held hostage by people who are not friends of production agriculture," Lucas said.

The issue of indirect land use is working on two levels. First, the EPA has its proposed rule, which exempts ethanol plants built before 2008 from having to meet new emission standards, but also sets standards for advanced and cellulosic fuels. At the same time, the California Air Resources Board established a low-carbon standard using indirect land use that could shut out most ethanol from the California market. Further, at least 11 states are considering following the California standard.

The Ag Committee took testimony from groups representing the ethanol industry. The committee had asked the California Air Resources Board to testify, but the board declined to send anyone.

Tom Buis, chief executive officer of Growth Energy, a renewable-energy lobby group, pointed out that more than 100 scientists signed a letter challenging the indirect land use standards of the California Air Resources Board.

"So there is a lot of doubt out there," Buis said. "The big question is how can we hold American farmers responsible for deforestation in a sovereign country?"

Brian Jennings, executive vice president for the American Coalition for Ethanol, told lawmakers that the person who came up with the theory of indirect land use was not an economist or scientist, but a former attorney for an environmental group who floated the theory as a possible criticism of American agriculture.

Buis said ethanol opponents want to box in ethanol while waiting for a new fuel to be developed. Yet, he added that there is "no magic new fuel going to fall from the sky."

"If you want people to invest in an industry, you can't keep changing policy that creates unrealistic hurdles," Buis said.

The EPA rulemaking process on indirect land use has set up a peer-review process for the rule as well that could cause it to be scrapped. Still, Buis added a note of caution, saying he doesn't think the agriculture and ethanol industries can count on winning out in the rule-making process.

"This should have never gotten to this level, and I think you ought to pass language to strip out this (indirect land use) language, period," Buis said.

At the World Agricultural Forum in St Louis this week, C. Boyden Gray, a former U.S. ambassador to the European Union and a White House Council during the George H.W. Bush administration, told attendees privately that the indirect land use provision originally started as a protectionist measure in the EU when he worked there. It was designed by the canola industry in Europe to block palm oil imports for biodiesel. That it has been twisted into a science-based measure of indirect land use effects is quite an irony, he said.

On the podium, Gray lambasted the notion that renewable fuels are responsible for deforestation. "If you want to save the rain forest, save the rain forest," he said, don't do it with indirect penalties on Northern Hemisphere agricultural crops. Gray said 70 to 80 percent of the land cleared in Indonesia was used for tropical lumber and then was abandoned.

"They don't clear the rain forest because they want to grow palm oil. Perhaps it would be better if they did, than to leave land fallow."

Gray called the indirect land use policy "irrational" and said a more effective policy would be "to ban furniture if you're worried about the rain forest, or to ban cattle" fed on rainforest pasture.

Jennings said EPA and others touting indirect land use theories have ignored that deforestation in Brazil has actually declined in volume since 2004, right when the ethanol industry began its bubble that ramped up production nationally. Deforestation has declined from 10,000 square miles a year in 2004 to under 4,000 square miles in 2007.

Bob Dineen, president and CEO of the Renewable Fuels Association, said the EPA has singled out biofuels when looking at deforestation and failed to examine the other factors that could cause land-use changes.

"They ignored changes in environmental policies, changes in global diets; they ignored currency valuations, they ignored the free market and most importantly, they ignored energy markets," Dineen said.

Jennings also suggested that if the EPA is going to take a look at the indirect land uses associated with ethanol, then other issues such as the potentially positive attributes of distillers grain should be added into the equation. Jennings said distillers grain keeps an animal on feed for less time, reducing the methane emissions from livestock.

"This could be a graceful exit strategy for EPA if it chooses to use it," Jennings said.

Still, the Peterson-Lucas bill on the indirect land use could have a hard time in the House Energy and Commerce Committee.

Late Wednesday, Rep. Lee Terry, R-Neb., a member of the House Energy and Commerce Committee, put forward an amendment that would have blocked the EPA from factoring indirect land use for the Clean Air Act. Terry's amendment failed 20-36, effectively a party-line vote with Republicans outnumbered by Democrats.

Terry said he sees the indirect land-use argument as an attempt by environmentalists to kill biofuels.

"How can anyone stretch indirect so far to what Brazil does to a rain forest should be blamed on American farmers?" Terry asked. "There is no logical nexus there."

DTN Executive Editor Marcia Taylor contributed to this report.

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