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Testimony of Steve Van Mouwerik, Vice President
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Before the Oregon State Senate
Environment and Natural Resources Committee
Senator Jackie Dingfelder, Chair

Senate Testimony – Clean Fuels Program - In support of SB 488

Good afternoon Chair Dingfelder, members of the Committee. Senator Hansell – it is an honor to be with you today.

My name is Steve Van Mouwerik. I am Vice President of and a partner in PacificAg, an agricultural biomass supply company. PacificAg is a 15-year old company based in Hermiston, OR that develops and operates agricultural biomass supply chains for the animal feed and bioenergy markets by providing contracting and origination, harvest operations and logistics, supply chain management and global marketing services. I am here today representing my company to express support for the Clean Fuels Program and SB 488 for the elimination of the sunset.

For most of our history you might have called PacificAg a baling company. We harvested hay and crop residues to feed local cattle in the Columbia Basin feedlots and dairies. The growth in the export feed markets serving Japan and Korea allowed us to grow steadily over 15 years into one of the largest companies in our industry. Today we harvest nearly 200,000 tons annually in the PNW - or 8,000 truck loads per year - and one of our largest customers is now in the Middle East, where we export both hay and crop residue to feed camels, goats and sheep.

Today we employ around 120 people and expect that to top 160 this year. We are among John Deere's very largest customers nationally and are the largest purchaser of baling equipment in the US.

The steady growth our company has experienced during most of the last 15 years is small compared to the growth we are experiencing now and see ahead of us. You see, since 2009 we made the decision to apply our experience and capabilities to the emerging bioenergy markets. Instead of harvesting hay and forage for animals, this new industry has us baling corn and wheat crop residue to be converted into advanced biofuels and bio-based chemicals. Today we are operating in 5 states, two states where three major commercial-scale cellulosic biofuels projects are now under construction including DuPont's project Blackhawk in Iowa and Abengoa's Biomass Bioenergy project in Kansas. A billion dollars is being invested in these projects and each will turn approximately 350K tons annually of corn and wheat residue into 25 mgy of cellulosic ethanol. As a result of these projects and others in the pipeline, PacificAg expects to triple in size over the next two to three years.

So my message today is that the advanced biofuels market is real and is creating rural jobs and economic development in the Kansas and Iowa communities where these facilities are being built. We are hiring lots of local operators, we are hiring key managers and administrators for our Hermiston based national headquarters, and we are writing significant checks to many farmers for the privilege of harvesting their crop residue. Senators we need SB 488 to make this kind of development around biofuels possible in Oregon.

We are happy to build a national footprint for our company by going to those regions where there is opportunity, but as an Oregon company, we would really like to see the benefits of this new industry also happen here in Oregon. The growth of these biomass conversion facilities making advanced and cellulosic fuels will usher in a tremendous secondary cultivation and harvest industry in rural America through their use of crop residues and purpose grown energy crops. The economic analysis done for the Oregon DEQ looking at the Clean Fuels Program did not factor these aspects into its work since there was so little experience on which to base it. We see hundreds of direct jobs

required just to fulfill the feedstock supply chain roles of harvest, storage and transportation for a single facility, not to mention the capital equipment expenditures and other ancillary economic benefits.

Oregon's Clean Fuel Program will create a more diverse marketplace for locally produced transportation fuels and with any such change there will be unforeseen issues to resolve. I am not an expert on these matters, but change always creates some friction and some groups always oppose change. The main message I wanted to send to you today is that this industry for advanced and cellulosic fuels is real and while it is still early, PacificAg is already directly benefiting from it and believe it will grow tremendously in the coming years. Oregon's rural communities, and specifically District 29 in Northeast Oregon will benefit economically from new jobs from the Clean Fuels Program, not just from supporting Midwest projects and operations. We and the rest of Oregon deserve to see some of this benefit.

The Clean Fuels program needs to have the sunset removed to allow companies to make the large investment in these facilities in Oregon. I hope you will declare Oregon "open for business" for production of new, clean bio-fuels by passing SB 488.

