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April 9, 2010

Director Robert Stephenson
Conservation and Environmental Programs Division
U.S. Department of Agriculture
Stop 0513
1400 Independence Avenue, SW
Washington, DC 20250-0513

Via Electronic Submission

RE: Comments for the Record by the Retail Industry Leaders Association for Docket Folder CCC_FRDOC_0001-0145

Dear Director Stephenson:

On behalf of the Retail Industry Leaders Association (RILA), I am writing in regards to the proposed rulemaking for the Biomass Crop Assistance Program (BCAP) authorized by the Food, Conservation, and Energy Act of 2008. RILA supports the BCAP as it was originally established for the purpose to expand the amount of biomass available for alternative energy. However, RILA strongly advocates that the BCAP not divert current productivity from existing industries.

By way of background, RILA is a trade association of the largest and most successful companies in the retail industry. RILA promotes consumer choice and economic freedom through public policy and industry operational excellence. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales. RILA members operate more than 100,000 stores, manufacturing facilities and distribution centers, have facilities in all 50 states, and provide millions of jobs domestically and worldwide.

While the U.S. Department of Agriculture (USDA) rulemaking is being presented as a green jobs generator, it is important to note that RILA member companies' suppliers already rely on this material as a critical component in their production process. This rulemaking would have many unintended consequences throughout the retail industry – including the loss of jobs in other sectors.

As currently written, the proposed rulemaking will potentially impact products that are important to RILA member companies. These products include:

- Mulch and soil amendments – Bark, branches and other leftover material is used to create mulch and amend soils for use in gardens and landscaping.
- Nursery plants – Increasing the demand for traditional soil amendments increases the production costs for nursery plants. As small businesses, nurseries are not well positioned to take on additional cost increases.
- Oriented Strand Board (OSB) – OSB is used in homebuilding and competes with plywood at a lower cost.
- Medium Density Fiberboard (MDF) – MDF is used in a number of products including shelving, furniture and toilet seats.

Taking the aforementioned into consideration, RILA asks that the following actions be taken:

- The proposed rule properly addresses the exclusion of those materials destined for “higher value products” from the subsidy. However, the language defining the materials is vague. We suggest the language specifically state the following: “Wood residues such as wood mill waste, scraps, sawdust, sawmill residual chips and shavings will be excluded from the list of eligible materials for BCAP.”
- BCAP funding of forest products should be postponed until further studies are commissioned to better understand the potential economic impact. RILA recommends that USDA evaluate the European studies that show greater economic and social impacts from wood resources when used for wood and paper products versus when they are used for fuel.¹ Furthermore, RILA urges USDA to conduct similar studies.

With these issues to be considered, RILA would like USDA to consider the broader impacts of this proposed rulemaking across the retail sector. We feel it is very important to assess the potential unintended negative impacts the BCAP program will have on product availability and affordability. Not to mention, the broader impact the rulemaking would have on our nation’s

¹ *Value Added and Employment in PPI and Energy Alternative*, Poyry Forest Industry Consulting; December 2006.

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economic recovery. RILA shares USDA's goal of creating incentives for new clean energy biomass fuel sources, however, we do not support a diversion from current methods of production.

RILA is thankful for the opportunity to comment on this significant rulemaking and we look forward to working with USDA on this important initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Kolb". The signature is fluid and cursive, with the first name "Kelly" being more legible than the last name "Kolb".

Kelly Kolb
Vice President for Global Supply Chain Policy