

three year period. Canola had significant losses of \$107 and \$54 per acre in 2006 and 2007. Both crops project healthy profit margins for 2008 and the profit disadvantage for canola narrowed somewhat due to strong contract prices. If growers had been fortunate enough to market their 2007 wheat crop at the price peak of \$15/bu in mid-January they could have netted much more, but it is not prudent to base long run crop profit comparisons on short-lived price spikes. Over 2006 to 2008 canola and wheat prices increased by 182% and 151%, respectively.

With higher priced energy and other resources pushing farm input prices up, and higher crop prices stimulating demand for these inputs, it is not surprising that estimated production costs also climbed vigorously over the two years, 60% for irrigated winter canola and 77% for irrigated winter wheat. Of course each grower's actual production costs and revenues and prices will vary depending on his or her input purchasing and crop marketing strategies. Yields also vary by rotations, agro-climatic conditions and management. Overall, however, it is clear that farm level profitability has experienced one of its more vigorous historic improvements over the past two years, in the Columbia Basin and in other grain growing regions.

## WSU Jumps into the Biofuel Mania?

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In 2006 the Washington Legislature jumped head-first into biofuel mania through the establishment of the Energy Freedom Program which authorized \$17 million to support the construction of biofuel processing facilities in the state and a Renewable Fuels Standard that mandated all on-road fuel in the state contain at least 2% biodiesel or ethanol. By late 2006 it became obvious that kick-starting a biofuel industry in the state would also require an investment in developing the biomass feedstocks that can be processed into biodiesel or ethanol.

In the 2007 legislative session, WSU submitted a joint request with the Washington State Department of Agriculture to fund a \$2 million (per biennium) initiative for "near-term research" to support the development of a biofuel industry in the state. Part of this funding is now supporting a state-wide investment in biofuel cropping systems research, including region-specific variety trials and agronomic research that will be on display at the PCFS, Lind and Wilke Field Days in 2008. The remainder of the funding is being used to support research on biofuel co-product development (such as Brassica Seed Meal products) and advancements in anaerobic digestion technology.

## Implementation of the Washington Climate Advisory Team Agriculture Strategies

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In early 2008, the Washington State Climate Advisory Team submitted recommendation for seven "agriculture greenhouse gas mitigation" strategies to the Governor as part of their recommended state climate change policy actions. Several of these strategies are directly related to biofuel feedstock production and conservation-based farming systems in the dryland region, including AW-2 Biofuel Feedstocks, AW-4 Ag Carbon Management, AW-5 Ag Nutrient Management, and AW-6 Ag Energy Efficiency. The goal of the Climate Advisory Team in 2008 is to provide recommendations on how Washington "agricultural lands and practices may participate voluntarily as an offset or other credit program in the regional multi-sector market-based system," of the Western Climate Initiative. A team of WSU scientists will provide technical support in 2008 to a working group of producers, agency and NGO personnel that will:

1. Complete an analysis of the existing soil carbon datasets available for a range of production systems in the state.
2. Augment the existing datasets with targeted field sampling.
3. Use this additional data and analyses to refine calibration of existing soil carbon / nitrogen models to complete a set of baseline GHG emissions scenarios for various "agricultural management systems" currently and potentially practiced in Washington State, including biofuel crops. These simulations will provide the "defensible carbon mitigation calculations" for a carbon market mechanism.