Beverage Industry Environmental Roundtable

Testimony of
Tod D. Christenson
Chairperson, Beverage Industry Environmental Roundtable (BIER)
Before the
House Subcommittee on Energy and Environment

July 23, 2008

Chairman Lampson and Ranking Member Hall. My name is Tod Christenson; I am a senior consultant with Delta Consultants and director of the Beverage Industry Environmental Roundtable (BIER). I have a Masters in Geology and Organic Chemistry with over 20 years of experience in working with private industry on strategically important environmental issues. My office is in St. Paul, Minnesota. On behalf of BIER, I would like to thank you for the opportunity to present this written testimony.

BIER Background

First, I would like to introduce the organization I am representing with this testimony; BIER. BIER is a voluntary convenience of twelve global, leading beverage companies and two leading beverage industry suppliers. BIER is facilitated by myself and additionally supported by colleagues of mine from Delta Consultants (HQ in St. Paul, Minnesota).

Founded in August 2006, BIER member companies build on the technical knowledge and skill, brand power and strength in aggregate to make meaningful impact to water conservation and resource management, energy efficiency and climate change mitigation through reduction in carbon emissions. The group strives to be industry leading and serve as a role model in industry sector collaboration within the space of environmental stewardship.

The current members of BIER are:

- Anheuser-Busch.
- Bacardi
- Beam Global Spirits & Wine
- Brown Forman Corporation
- Coca-Cola Enterprises
- Diageo
- Danone
- Miller Coors (previously Coors Brewing Company)
- Nestle Waters North America
- PepsiCo
- Pepsi Bottling Group
- The Coca-Cola Company
- Ecolab
- JohnsonDiversey

BIER's current agenda involves the following key initiatives:

- Developing common frameworks to guide our working agendas in water conservation and resource management, energy efficiency and climate change mitigation.

- Qualitative benchmarking of Water Conservation Practices (2007) and Watershed Management Practices (2008) – the benchmarking results are used in developing the best practice sharing agenda, defining current best practices and identifying individual company opportunities for improvement.

- Water Use and Efficiency Benchmarking (2007 & 2008) – a quantitative measurement of water use and efficiency across the varied beverage industry sectors.

- Best Practice Guidance Tool Development – recent topics included drought preparedness and management, rainwater harvesting, clean-in-place (CIP) and water use, re-use, and recycle practices.

- Beverage Industry Sector Guidance for Greenhouse Gas (GHG) Emissions Reporting – a sector specific guidance to support calculation of GHG emissions against the World Resource Institute (enterprise basis) and British Standards Institute (PAS-2050; Life Cycle Assessment or Product) GHG protocols.

- Stakeholder Engagement – taking a variety of forms, BIER is actively engaging with external stakeholders to build awareness, collaborate and inform public policy development as it relates to water conservation and resource protection, energy efficiency and climate change mitigation.

Water is Common Thread between Diverse Beverage Companies

The beverage companies that constitute BIER membership represent four unique sectors of the beverage industry: beer, distilled spirits, wine, and non-alcoholic beverages.

In the United States alone, member companies operate nearly 200 production and packaging locations spread across 35 states, with many other auxiliary locations. Member operations also extend into agriculture, manufacturing, transportation, and even tourism sectors. BIER membership constitutes a majority of beer, carbonated soft drink, non-carbonated beverages, and bottled water sales in the United States.

The congregation of these companies is rather unique, given the significant difference in their operations. However, all of the companies are tied together by a common thread: each of their products share water as the primary ingredient.

Members of the beverage industry have identified that access to clean water is not only an essential concern to business continuity, but a basic human need.

To this end, beverage companies have donated many millions of servings of clean drinking water in response to domestic emergency situations, such as hurricane relief and recent floods in the Mississippi River Basin. In other communities, beverage companies contribute to resource management by receiving municipal wastewater to their treatment systems and sharing technical experts with community planning agencies.

However, BIER members truly stand out in the realm of resource management and water conservation technologies. Member companies are continually challenging themselves to be more efficient with their resources, and to ensure that operations are conducted in a manner that will sustain business and quality water access for generations to come. The simple fact that these companies have been convening for the past two years on a quarterly basis to discuss matters of environmental conservation demonstrates their awareness to these issues and willingness to allocate resources to pursue environmental solutions.

Among the most notable achievements of BIER membership in water conservation and resource management are:

- Universal improvements in water efficiency from 2005 to 2006, through which the industry avoided the use of over 9 billion liters of water. This is enough water to support the annual home water use of 65,000 Americans.
- Development of internal environmental management systems and water management systems which promote and communicate best practices and drive continuous improvement through data measurement and goal setting.
- Implemented water reuse for non-product uses and beneficial reuse of wastewater for energy recovery and agricultural uses.
- Collaborative effort through benchmarking studies and practice sharing sessions to advance drought management planning efforts and watershed management through third-party communication efforts.
- Community engagement efforts through educational initiatives, community awareness fairs and organized habitat cleanups.

General Comments

BIER applauds the efforts embodied in the proposed "**National Water Research and Development Initiative Act of 2008**", and we thank this Subcommittee and Committee Chairman Bart Gordon for your focus and commitment. Combined, these efforts will provide a framework that will allow all of us to succeed in meeting the water conservation challenges of the future.

As an industry that relies on water as a core ingredient to the very products we produce and given the challenges we envision going forward in maintaining adequate supply and water quality to meet all the needs of our country and society, we believe your efforts will be very useful and help assure availability and access of this precious natural resource well into the future.

We have separated our input into three basic categories for your consideration and offer an end-user perspective in the interest of helping shape policies that will benefit all consumers and users of our water resources.

Role of Federal Government in Water Supply, Water Conservation, and Water Management

We applaud the opportunity this Act provides for the Federal government to demonstrate leadership on many key aspects of water supply, water conservation and water management in an active and well coordinated way.

We view the principal role of Federal government as it relates to water supply, water conservation and water management, to include the following functions:

1. Inventory, coordinate and communicate the existing work being performed across all Federal agencies. In doing so, ensure improved coordination, inter-agency collaboration and development of priority projects that have clear deliverables.
2. Commit and allocate resources to support and drive the needed research and development on water-related issues.
3. Create the space for stakeholders to come together and share technology and innovations.
4. Support innovative water projects and promote water conservation practices across both public and private industry.
5. Create tools to promote and enact water efficiency practices and technologies.
6. Build public, industry and state/local/tribal awareness on water issues and solutions that our country is facing today and will be facing tomorrow.
7. Drive responsible "water stewardship" behavior and practice across all aspects of our society (public and private) without favor (RE: in an unbiased and non-partisan fashion).
8. Drive efficient water consumption and use across the Federal government enterprise, instilling in our Federal government a culture of water stewardship; in essence lead by example when it comes to water supply, conservation and water management practices and performance improvement.
9. Execute its' strategic water agenda against a long-term vision for achievement and in a manner that makes very clear the role of the Federal government and States.

Priority Needs for Federal Research and Development

The work completed by the National Science and Technology Council Committee on Environment and Natural Resources entitled *"A Strategy for Federal Science and Technology To support Water Availability and Quality In The United States (September, 2007)* was a very comprehensive look at the challenges facing this country and thus the implied research and development work that would benefit sound stewardship of our country's water resources. It is a thorough summary of the challenges in meeting our future water demands and facing the challenges. We recognize that much work is currently being done or has been initiated on meeting these challenges. We also recognize that the current policies under development will lead to a more streamlined, efficient and collaborative effort as the various federal agencies work to address the variety of these challenges and we applaud the efforts of all Federal and State agencies involved. Rather than add to the list of challenges and needs, we instead, offer what we see as a few of the priorities of focus for Federal research support.

1. Water resources inventory (mapping) and needs forecasting and/or scenario planning.
2. US water supply, delivery and treatment infrastructure assessment.
3. Innovative technology development in how we use supply, treat, re-use water and direct water to beneficial re-use.
4. Public awareness and education on re-use technologies and advanced water treatment technology.
5. Water conservation behavior modification practices and tools; i.e. methods to shift our attitude and culture to be more sensitive to water stewardship needs and continue to drive improvement and public and industry water management performance.

Regardless, of the specific projects taken forth, we feel it is important that priorities for research and development be established in alignment with the desired end-state vision and strategic plan set forth by the Interagency Committee. Further, any research taken on needs to include clear delineation of expectations or outcomes, be appropriately resourced and aggressively driven to completion.

Considerations Moving Forward

As your Subcommittee moves forward from this hearing, Mr. Chairman, we offer some thoughts for your consideration.

1. The consideration of goals and/or milestones might help enhance the important work you envision for the Interagency Committee in increasing the efficiency and use of federal funds, streamlining the efforts on the all critical issues related to water management, and setting the foundation for some very collaborative and creative solutions.

2. We see an opportunity, given the current roles that state and tribal entities play in water management, for an incorporation of that role in the work of the Interagency Committee in managing our country's water resources.

3. We applaud the purpose to drive greater inter-agency collaboration, and hope that you will consider the experience, technology and knowledge of water management that likewise resides in American industry groups and non-governmental organizations (NGOs).

4. Much work has and is currently being developed to assess existing water resource availability, access and quality across many states and tribal lands. In addition agencies like the U.S. Geological Survey have numerous on-going research projects that involve inventorying/mapping/monitoring of our water supplies and quality. We hope you will consider leveraging the work being done in assessing water supply, quality, forecasting future needs, etc. and would encourage you to provide additional clarification on Water Research Outcome number one (Under Section 2 (d) (1)).

5. Given the general age and current state of our country's water delivery and treatment infrastructure(s), we suggest a Water Research Outcome be

considered to provide for an assessment of our current water supply, delivery and treatment infrastructure, with an eye toward allowing us to improve the reliability, conservation and efficiency along the complete water supply chain.

6. As it relates to long-term water resources planning and needs assessment, we would suggest adding a Water Research Outcome that involves future use forecasting or scenario planning for future water supply, availability and quality as may be impacted by evolving demographics, public and industry needs and/or climate change.

Closing

Chairman Lampson, Ranking Member Hall and members of the Subcommittee, water issues are a serious issue for our country. We are facing increased water shortages and distribution challenges. We have an aging infrastructure and in general, a society that has not yet fully embraced the need for improved water stewardship. Technologies exist today that will help us meet some of the challenges, but additional innovation in technology, practices and new collaborations will be needed to meet future challenges. As one end-user and as an industry that relies on reliable supply and quality water, the beverage industry takes water conservation and resource protection very seriously. It is an area that will continue to receive our attention and represents an area we will work to provide leading effort.

We are thankful for the opportunity to provide testimony and hope we have the opportunity to continue to work with this subcommittee and any resulting policy developments.

As you examine the policy considerations before you today, and consider taking a bold new step in helping the management of our country's limited water resources, we hope that our input has been helpful. We look forward to working with all of you in the future.

On behalf of all BIER Member Companies, thank you!.

Tod D. Christenson
Director, BIER