

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

(Revised) September 2011

Biomass Crop Assistance Program – Project Areas Numbers 2 through 5 Implemented in Arkansas, Missouri, Ohio and Pennsylvania County Locations for New Giant Miscanthus Biomass Producers

Overview

The Farm Service Agency (FSA) has announced four new Biomass Crop Assistance Program (BCAP) project areas in Arkansas, Missouri, Ohio and Pennsylvania. BCAP project areas provide financial incentives to eligible landowners and operators to establish and produce biomass crops for heat, power, biobased products and advanced biofuels. A BCAP project area must have specified boundaries approved by the Secretary of Agriculture. Agriculture land in project area two through five is eligible for the establishment of giant miscanthus for energy purposes.

Giant miscanthus is a sterile hybrid warm-season grass that is cultivated by planting plugs or rhizomes in open fields. Yields for giant miscanthus are expected to range between 10 and 12 tons of dry matter per acre and can be as high as 15 tons/acre. These four new project areas will use a common approach to establish the crop over two years. In the first year, a small number of “propagation acres” will be established using centrally irrigated fields. FSA will enter into five-year contracts with producers to cultivate rhizomes from the first year’s propagation acres onto a larger area of “plantation acres” comprised of the total number of BCAP acres enrolled. The normal time period for planting giant miscanthus rhizomes varies regionally, but is generally in the early spring.

As a condition of enrollment, participants must provide evidence that they have an agreement with either a project sponsor or other qualified miscanthus planting contractor. These agreements must provide for

the planting, production and harvesting of the approved miscanthus rhizomes, according to the specific two-phase establishment process included in these project areas.

Project Areas 2 though 5 Target Acreage and Counties

Producers who enter into these contracts and establish giant miscanthus on their land will generally be eligible for:

funds, matching payments for up to two years for the collection, harvest, storage and transport of the biomass to a qualified biomass conversion facility.

Eligible Land and Producers

Eligible land includes cropland and non-crop agricultural land such as grassland, pastureland and hay land. Eligible land must be suitable, as

PROJECT AREA NUMBER & STATE	PROJECT AREA SPONSOR'S LOCATION	FY 2011 ACREAGE TARGETS & COUNTIES <u>1/</u>
Project Area No. 2 Arkansas	MFA Oil Biomass LLC, Paragould, AR	6,588 acres Clay, Craighead, Greene, Jackson, Lawrence, Mississippi, Poinsett, and Randolph.
Project Area No. 3 Missouri	MFA Oil Biomass, LLC Columbia, MO	3,400 acres Audrain, Boone, Callaway, Cole, Cooper, Howard, Moniteau, Monroe, and Randolph.
Project Area No. 4 Missouri	MFA Oil Biomass, LLC Aurora, MO	3,850 acres Barry, Christian, Dade, Jasper, Lawrence, Newton, and Stone.
Project Area No. 5 Ohio/Pennsylvania	Aloterra Energy, LLC Ashtabula, OH	5,344 acres Ohio - Ashtabula, Geauga, Lake, and Trumbull. Pennsylvania - Crawford, Erie, and Mercer.
<u>1/</u> Only parts of some Counties are in the Project Area. Please consult Project Area maps for exact delineation. Acres represent the total targeted for the counties listed.		

- Establishment payments of 75 percent of the eligible costs of the plantings;
- Annual payments for the land enrolled and;
- Subject to the availability of

determined by NRCS, for establishing of giant miscanthus.

Ineligible land includes native sod and land owned by federal agencies, states, and local governments. Land enrolled in Conservation Reserve

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Program (CRP), Wetlands Reserve Program (WRP), or Grassland Reserve Program (GRP) contracts is ineligible for enrolment in BCAP. Land enrolled in other programs may also be ineligible depending on the terms and conditions of those programs.

Producers must be in compliance with the highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended, to be eligible for BCAP. There are no adjusted gross income eligibility requirements or payment limitations for BCAP contracts. Cropland base and yield history are preserved for land enrolled in a BCAP contract. There are no adjusted gross income eligibility requirements or payment limitations for BCAP contracts. Cropland base and yield history are preserved for land enrolled in a BCAP contract.

Producer Payments

Establishment Payments - BCAP participants may qualify for up to 75 percent of the participant's cost of establishing perennial crops on contract acres. These payments will reimburse participants for a part of the cost of site preparation, seed stocks, planting activities and related measures.

Practice measures for conservation or mitigation measures such as buffers and for fencing or related livestock or wildlife control measures will not be eligible for establishment payments.

Annual Payments - Per acre payment rates for land classified by FSA as cropland will be calculated using the posted soil rental rates for CRP. Per acre payment rates for all other eligible non-cropped agricultural land will be based on the posted CRP marginal pastureland rental rate applicable to the county.

Annual Payments Reductions - Producers who enroll land can harvest their miscanthus crops for sale to any biomass conversion facility or any other user. Annual payments will be reduced in the year the eligible crops are harvested or collected from the contract acreage by a percentage of the value of the harvest/collection and any BCAP matching payments. The percentage will vary according to the following table:

REDUC-TION PERCENT	FINAL CONVERSION PRODUCT
1 percent	If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).
10 percent	If the eligible crop is delivered to a biomass conversion facility for conversion to advanced bio-fuel, as defined by the BCAP final rule (7 CFR Part 1450).
25 percent	If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).
100 percent	If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).

All uses of plant material removed from contract acreage, including material used for commercial seed sales, grazing, gleaning or similar uses will trigger reductions in annual payments. FSA will require

all participants to keep and submit accurate records of the disposition and/or sale of all materials removed from contract acreage.

Matching Payments - Subject to the availability of funds, BCAP participants also may qualify for matching payments when they deliver biomass to a qualified biomass conversion facility. These matching payments are provided for the collection, harvest, storage and transport of eligible biomass materials to qualified biomass conversion facilities. The duration of matching payments is limited to two years per producer, with a matching rate of \$1 per \$1 received, up to \$45 per dry ton.

Matching payments are not part of the BCAP contract, but a percentage of matching payments will be deducted from the annual rental payment in the year the eligible crops are harvested or collected from the contract acreage as mentioned above.

Producer Participation

Enrollment periods will be announced by FSA. Approvals during the period will be made on a continuous basis, subject to funding availability. Enrollment applications will be taken at USDA Service Centers where the enrolled acres are administered.

Conservation Plans and Harvesting/Handling Requirements

Before FSA approves a BCAP contract, the participants will be required to obtain a conservation plan (CPO) developed by NRCS and must be approved by the local Soil and Water Conservation District and FSA.

Harvesting giant miscanthus from plantation acreage is generally expected between Dec. 1 and April 15 each year after plant moisture levels

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have decreased. BCAP contracts do not require participants to allow their biomass to be harvested by the project sponsor or to sell the harvested biomass to the sponsor.

Additionally, participants:

- Must transport and handle harvested miscanthus consistent with CPO provisions designed to prevent unwanted spread of the sterile species.
- Must conduct crop harvesting on highly erodible cropland consistent with NRCS plan requirements under the highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended.
- Must not hay, graze, harvest or otherwise disturb established stands during the primary nesting season as established by the state FSA committee.

FSA is establishing these project areas for giant miscanthus following an environmental assessment and the adoption of a mitigation and monitoring plan designed to prevent against unwanted spread of sterile giant miscanthus. Several key provisions of the mitigation and monitoring will be incorporated into BCAP CPOs and will be the responsibility of program participants. These provisions include but are not limited to:

- Maintenance of buffer zones at least 25 feet wide,
- Establishment of only the “Illinois clone” cultivar of giant miscanthus, certified by the Ohio Seed Improvement Association quality assurance program and,
- Regular monitoring of crop and contract acres.

For More Information

For more information about BCAP visit the FSA BCAP website at www.fsa.usda.gov/bcap, or see the general BCAP fact sheet at www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf

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