



Institute for Agriculture and Trade Policy

# Growing a New Crop for a New Market

Recognizing that the nation needs to move beyond corn ethanol and soy biodiesel to the next generation of more sustainable biofuels, all eyes are on biomass. Yet synchronizing new feedstock crops with the emerging industry that will produce renewable energy is a challenge.

The Biomass Crop Assistance Program (BCAP) was created in the 2008 Farm Bill to address this gap. Farmers and woodland owners near existing, or proposed, biorefineries will receive financial assistance to establish biomass crops and learn the best ways to grow and manage them. Payments will also help with harvest, collection, transportation and storage of potentially bulky biomass—helping to encourage experimentation with new energy crops from the land.

## **Biomass can be done right, or it can be done wrong**

New energy cropping systems have the potential to deliver multiple environmental benefits. Perennial plants that hold the soil and build soil carbon year after year look most promising. Vegetation that withstands drought, heavy rains, pests and weeds will eliminate, or greatly reduce, the need for irrigation, pesticides and fertilizers. Harvests timed to benefit wildlife will provide habitat for nesting and feeding. Systems with low energy inputs and high levels of soil carbon captured in the soil will reduce climate change.

On the other hand, biomass systems that continue the patterns of industrial commodity agriculture can lead to polluted water, soil erosion, disappearance of wildlife, and the spread of invasive species and manipulated genes into native ecosystems. BCAP policy must support sustainable biomass approaches and help jumpstart a new—and renewable—clean energy economy.

## **Initially, BCAP will assist with collection, harvest, transport and storage costs**

As part of President Obama's Biofuels Initiative, the U.S. Department of Agriculture (USDA) announced in a June 2009 "Notice of Funding Availability" that USDA will match the price of biomass delivered to designated biomass conversion facilities, up to \$45 per ton, to pay producers and haulers for their costs of collection, harvest, transport and storage of biomass. Incentives for producers to plant energy crops were not included in the notice. The payments will be made for two years. No dollar amount is stated, other than "such sums as are necessary." Comments on this notice were due Aug. 10, 2009, and will also be considered in the rulemaking, followed by immediate implementation.

Qualified biomass conversion facilities—including those making heat, power, biobased products and advanced biofuels—can sign a memorandum of understanding with the Farm Services Agency (FSA). Approved facilities will be publicized to potential biomass producers.

Eligible biomass materials include dedicated energy crops, crop residues and forest materials. Harvested commodities eligible for Title I payments, animal waste, food waste, yard waste and algae



will be excluded, as well as invasive or noxious plants; land in native sod as of 2008; and land in the Conservation Reserve Program, Wetlands Reserve Program or Grasslands Reserve Program. Commodity residues will be limited to 20 percent of available funds, but no harvest limits on those residues were set.

Eligible biomass owners include farmers, farm cooperatives, those who have taken ownership of biomass, those with the right to collect biomass from public lands, and non-federal government entities. Those eligible need to apply at their local FSA office with information on expected amounts of biomass, types, prices and delivery dates.

Thus far, environmental requirements for biomass are minimal. Biomass from croplands merely has to meet compliance for highly erodible acres. Biomass from private forestland must be under a forest stewardship plan or the equivalent. Biomass from public forests must be thinnings or materials that could not otherwise be used for higher-value products. Biomass crop establishment is not covered at this time.

The FSA will select biomass project areas based on applications received from producers and existing, or proposed, biomass conversion facilities. Certain criteria will be more heavily weighted, including: the impact on natural resources; the local economic impact; the extent of local ownership opportunities; participation of new and socially disadvantaged farmers and ranchers; and other factors.

Producers will enter into a contract and receive five years of payments for annual and perennial crops, or 15 years of payments for woody biomass. Additional payments will cover 75 percent of perennial crop establishment and tree planting.

### **Environmental Impact Statement needed before funding will be made available**

The USDA's Farm Services Agency was assigned to carry out BCAP. As is often done with new programs, they decided to develop a programmatic Environmental Impact Statement (EIS) to assess alternatives before issuing rules. A contractor was hired, and comments were collected on the scope of the EIS plan in early June 2009. A revised scope will be followed by a draft EIS in late 2009. Another round of comments and possible revisions will complete the EIS process.

A proposed rule for full BCAP implementation is expected after the EIS is complete, with full implementation of the entire program expected in 2010.

### **IATP comments on full BCAP program rules**

The FSA is currently carrying out an environmental impact statement (EIS) on the full BCAP program. As part of that process, IATP submitted comments to the FSA in June on BCAP program rules. The EIS has not yet been completed, and a date for the program's full deployment has not been set.

IATP's recommendations include (Full comments referenced below.):

- Environment and energy performance criteria should be used to evaluate both biomass conversion facilities and biomass production systems. Selection of BCAP project areas and individual producers should be based on rankings of their environmental performance scores.
- Perennial and multiple-species biomass feedstocks should be the focus of BCAP, with preference for native species. No invasive, noxious or genetically modified feedstocks should be included. If funds allow, then annual crops in a resource-conserving



crop rotation would be acceptable.

- Preference should be given to projects that provide local ownership opportunities; will have local economic benefits; and will involve new and socially disadvantaged farmers.
- A producer's required agriculture conservation plan, or forest stewardship plan, should be required to meet stewardship thresholds, as approved by the National Resource Conservation Service (NRCS).
- Residue removal should not be included in contracts.
- Annual payments are intended to be an incentive to establish new energy crops, and thus should not be drastically lowered if the crop is sold or if it is used for another purpose.

BCAP is an exciting new program with great potential for farmers and rural communities. Done right, it can help farmers transition from annual to perennial crops, and bolster the creation of new renewable energy technology and infrastructure.

*This fact sheet was authored by Loni Kemp. A full copy of IATP's comments on the BCAP Programmatic Environmental Statement Scoping proposal is available at: <http://www.agobservatory.org/library.cfm?refID=106611>.*