

New Bucks For Biomass Materials

Latest USDA Program Aims To Make Renewable Feedstocks More Profitable



SARA WYANT

WASHINGTON, D.C.

A new USDA program might not provide as many dollars as the widely popular "cash for clunkers" program, but it's still a huge new potential revenue stream for thousands of biomass producers. Many industry sources see this program as another important incentive to develop more homegrown renewable energy across the U.S.

The USDA Farm Service Agency is now offering payments through the new Biomass Crop Assistance Program (BCAP), matching payments made by biorefineries. The Show Me Energy Cooperative in Centerview, MO. was the first biomass conversion facility in the U.S. to become qualified and is paying about \$40-50 per ton, depending on the net energy value of the biomass. Now, several more facilities, from California to New York have signed on. FSA officials expect more entities to quickly join the program, encouraging producers of everything from woody biomass to switchgrass to enroll at county offices for the matching payments.

"We are pleased that USDA is getting this

grass, and receive up to 75 percent cost-share for establishment costs as well as annual payments.

The BCAP program encourages biomass conversion facilities to sign agreements with FSA. The agreement can be downloaded from www.fsa.usda.gov

Once signed up, FSA confirms qualifications and assigns facilities identification numbers. Producers who sell eligible materials to qualified biomass conversion facilities can then apply for FSA payments that match the amount received from the facility. For example, if a qualified biomass conversion facility pays a producer \$30 per dry ton for biomass, the material owner or producer would be eligible for a matching payment of \$30 per dry ton from FSA.

An application must be submitted before the eligible material is sold and delivered to a qualified biomass conversion facility. For a list of eligible materials, go to: http://www.fsa.usda.gov/Internet/FSA_File/bcap_elig_mats_090714.pdf

No easy task

Getting new biomass facilities up and running is no easy task, says Show Me Energy Cooperative's Board President Steve Flick, but he says the BCAP will likely help build more renewable energy infrastructure throughout the U.S.

BCAP Facilities approved as of 9-2-09	
Thermal Energy Development Partnership,	Tracy, CA.
DG Fairhaven Power LLC	Samoa, CA.
Collins Pine Company,	Chester, CA.
Niagra Generation, LLC	Niagra Falls, NY.
Show Me Energy Cooperative	Centerview, MO.
Green Circle Bio Energy	Cottondale, FL.
Dixie Pellets, LLC	Selma, AL.
Indeck Ladysmith, LLC	Ladysmith, WI.
Sugar Cane Growers Cooperative of Florida	Belle Grade, FL.

Source: USDA/FSA

money out in such a timely fashion. The Biomass Crop Assistance Program is an important part of helping expand the basket of feedstocks from which we make ethanol and bringing next generation biofuel technologies to the market, says Bob Dinneen, President of the Renewable Fuels Association. "Farmers remain the building blocks of our nation's push for alternatives to petroleum and BCAP, along with other provisions of the 2008 Farm Bill, will be important to transitioning our nation to a future less dependent on imported oil."

Program details

This new biomass program, initially introduced as S. 36 by Senators John Thune (R-SD) and Ben Nelson (D-NE) and spearheaded by them in the 2008 Farm Bill, provides per acre payments for the production of energy dedicated crops and a per-ton payment for renewable biomass delivered to a local biorefinery. The per-ton payments are now available for ethanol plants and agriculture producers who sign up at their local FSA offices.

The second component of BCAP, is targeted to be implemented by FSA in the first quarter of 2010, which will provide farmers in approved project areas the opportunity to enroll eligible land into BCAP for the purpose of growing energy dedicated biomass crops such as switch-

Flick says the start-up process requires extensive planning to make sure there is enough supply of the initial feedstock in the area, and off-take agreement which provides a place to sell the final product and the critical ingredient: access to capital. Show Me's all-volunteer board was able to raise \$5 million in capital funding to get started and is now in the process of raising another \$3 million during a second equity round.

At his co-op, over 500 biomass producers supply materials such as switchgrass, straw, corn stover, sawdust, woodchips and other biomass materials. Most of the feedstocks are grown within a 100-mile radius of the plant and arrive in the form of round bales.

"Very few people understand how difficult it is to figure out the best way to grind round bales," explains Flick, who says his team worked on the process for about two years before deploying the new technology.

The plant produces fuel pellets used to heat houses and poultry barns and for co-firing with coal at a plant and Kansas City. In the future, the pellets could also be used to produce cellulosic liquid fuels. Δ

SARA WYANT: Publisher weekly e-newsletter, Agri Pulse.

AgriGold

The Corn Specialist™

Link Directly To: **AGRIGOLD**



Link Directly To: **AgVENTURE**



Link Directly To: **EQUIPMENT TECHNOLOGIES**



Link Directly To: **PIONEER**



Link Directly To: **RICETEC**