

Speed Bumps On The Road To A Greener, More Renewable Future

BCAP Program Will Be Fine-Tuned Before A Final Rule Is Issued Later This Summer



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The concept sounded good: Find a way to incentivize the production, harvest and delivery of non-food biomass crops to displace fossil-based feedstocks in the supply chain and move our nation toward energy independence. After

all, farmers and ranchers in many parts of the country aren't used producing biomass such as algae, switchgrass, vines, trees, and other wood waste materials for renewable energy production.

Alas, a new payment program was born that just might just do the trick: the Biomass Crop Assistance Program (BCAP). However, BCAP gained ground so quickly that some industry observers and members of Congress thought it had grown out of control like a woody vine on steroids.

"If we don't kill it now," Rep. Jack Kingston (R-GA) warned USDA Under Secretary Jim Miller during a recent hearing, "it will have its own lobbying group, it has a constituency growing."

Kingston, the Subcommittee's Ranking Republican, expressed concerns that the incentive payments for delivering biomass for bioenergy production, means "paying people to do what they did all along" at least in "papermill country."

He also expressed surprise that USDA is defending BCAP. "The projected 10-year cost of this is \$2.6 billion," Kingston said. "We need to kill it."

Rep. Rosa DeLauro (D-CT), Chair of the House Appropriations Subcommittee on Agriculture, chimed in, telling Miller the program's cost has soared to "30 times more expensive than the original CBO [Congressional Budget Office] scoring for this program."

Through the beginning of April this year, USDA had approved 4,605 agreements for the delivery of more than 4.18 million tons of biomass and paid eligible biomass owners \$165,274,695 in matching payments under BCAP's first phase.

House Agriculture Committee Chairman Collin Peterson (D-MN), who is already starting hearings on the 2012 Farm Bill, voiced similar concerns and said the program "got a little out of hand." But when asked whether his original idea to develop new crops, as well as the expertise to grow, transport and store those crops should be killed, Peterson was not ready to pull the plug. "We'll have to get a little more experience with this before we make a decision about whether it makes sense to extend it or not."

USDA changes underway

USDA has acknowledged that they crossed more than their fair share of bumps in the road while implementing this new program. They

agency has already proposed several changes as part of a proposed rule. By the time the public comment period ended on April 9, over 24,000 people had written in with their ideas on how the program should be modified. Agency staff members are combing through the comments and are expected to issue a final rule by late summer.

Miller said that revised BCAP rules would address several of the concerns that have been raised by the composite panel and fiberboard industries, alleging that the BCAP payments for certain eligible materials such as saw dust and wood shavings were directly increasing prices and competition for a market that already was established. For example, it will ensure that future Commodity Credit Corporation payments only apply to "additionality" and no longer create competition with other value-added uses such as for particleboard production.

Here's how the proposed rule would set new limits: "CCC proposes that vegetative wastes, such as wood waste and wood residues, collected or harvested from both public and private lands should be limited to only those that would not otherwise be used for a higher-value product. More specifically, for materials collected from both public and private lands, CCC is proposing to exclude from matching payment eligibility wood wastes and residues derived from mill residues (i.e. tailings, etc.) or other production processes that create residual byproducts that are typically used as inputs for higher value-added production (i.e. particle board [sic], fiberboard, plywood, or other wood product market."

Yet, others complain that the language is still not specific enough to prevent abuses. They want terms like "wood waste" and "wood residues" to be better defined before the final rule is issued.

'Incredible program'

Despite some challenges, Farm Service Agency Administrator Jonathan Coppess says BCAP is an "incredible program for all regions of the country," ranging from California to Maine and lots of places in between. He sees the program as a great way to help rural communities build for the future.

"There are a few issues here and there that have gotten entirely too much focus," adds Coppess. "But there are some really great stories out there that you just haven't heard. People are investing in new equipment and infrastructure, while reducing fossil fuels and improving air quality."

House Agriculture Committee Chairman Collin Peterson agrees that USDA's new rule could "rein in" a lot of the problems the program has experienced thus far. "But it's going to depend on what happens the next year or so before we decide if we're going to go ahead with it or make substantial changes." Δ

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