



# FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

September 2009

## BCAP - CHST Matching Payments Program

### Overview

The Biomass Crop Assistance Program (BCAP) was authorized by Title IX of the Farm Security and Rural Investment Act of 2002, as amended by Title IX of the Food, Conservation, and Energy of 2008 Act (2008 Farm Bill). BCAP:

- assists agricultural and forest land owners and operators with matching payments for the amount paid for the collection, harvest, storage and transportation (CHST) of eligible material by a qualified Biomass Conversion Facility (BCF).
- supports establishing and producing eligible crops for the conversion to bioenergy through project areas and on contract acreage up to 5 years for annual and non-woody perennial crops or up to 15 years for woody perennial crops. This provision will be implemented in the future.

The CHST Matching Payment Program will provide eligible material owners matching payments for the sale and delivery of eligible material to a

CHST-qualified BCF. These payments will be available to eligible material owners at the rate of \$1 for each \$1 per dry ton paid by the CHST-qualified BCF to the eligible material owners, limited to a maximum of \$45 per dry ton and limited to a 2-year payment duration.

On May 5, 2009, President Obama issued a Presidential directive to aggressively accelerate the investment in and production of biofuels. The directive included a directive that Secretary Vilsack take steps to the extent permitted by law to expedite and increase production of and investment in biofuel development efforts which includes issuance of guidance and support for collection, harvest, storage, and transportation assistance of eligible materials for use in biomass conversion facilities.

On June 11, 2009, the USDA Commodity Credit Corporation published a Notice of Funds Availability (NOFA) announcing the implementation of the 2009-CHST Matching Payment Program.

### Eligible Material Requirements

Eligible Materials generally includes:

- Materials, pre-commercial thinnings, or invasive species from National Forest System land and Bureau of Land Management land that:
  - o Are byproducts of preventive treatments that are removed to reduce hazardous fuels, to reduce or contain disease or insect infestation, or to restore ecosystem health;
  - o Would not otherwise be used for higher-value products; and
  - o Are harvested in accordance with applicable law and land management plans and the requirements for old-growth maintenance, restoration, and management direction of section 102 (e) (2), (3), and (4) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512) and large-tree retention of subsection (f) or
- Any organic matter that is available on a renewable or recurring basis from non-Federal land or land belonging to an Indian or Indian tribe that is held in trust by the United States or subject to a restriction against alienation

- imposed by the United States, including:
- o Renewable plant material including crop residues from commodities eligible to receive payments under Title 1 of the 2008 Farm Bill, other agricultural commodities, other plants and trees; and
  - o Waste material including crop residue, other vegetative waste material (including wood waste and wood residues).

Note: Harvested grains, fibers, or other commodities eligible to receive payments under Title I of the 2008 Farm Bill are not eligible for CHST Matching Payments, however, not more than 20 percent of the 2009 total program payments to eligible material owners will be available for crop residues from those commodities that are also eligible to receive payments under Title I of the 2008 Act.

Note: See the BCAP Website for the current BCAP – CHST Eligible Materials List.

Eligible material collection from National Forest land or Bureau of Land Management land, Tribal, state, and other local governmentally owned lands must be conducted according to all applicable laws and ordinances

including acquisition of all required permits. Eligible material removed from private cropland must be done in compliance with conservation plans required for highly erodible land (HEL) as determined by NRCS under Title XII of the Food Security Act of 1985, as amended. Eligible material removed from nonindustrial private forestland must be done in compliance with a new or amended Forest Stewardship Plan (FSP), or other practice plan approved by the State forester. FSP's needed as a result of BCAP shall be created or amended at no expense to CCC.

CHST matching payments will not be made for any eligible material delivered prior to an application approved by FSA or if any scheme or device is used to circumvent the provisions of the program.

**Step 1. Qualifying Biomass Conversion Facilities for the CHST Matching Payment Program**

BCF's are facilities that convert eligible material into heat, power, biobased CHST products, advanced biofuels, or any combination of these. FSA will issue CHST matching payments only to those eligible material owners who sell and deliver eligible material to a CHST-qualified BCF.

BCF is a facility that produces, or has the potential to produce, either of the following:

- heat, power, advanced bio-fuels, or bio-based CHST products at the facility itself
- fuel or other biobased CHST products from eligible material, for subsequent sale or transfer to other facilities.

To become a CHST-qualified BCF, the authorized representative of the facility must complete and submit 3 original Agreements, in addition to other related forms and documents, to the State FSA Office for signature and approval. An agreement with a BCF is a necessary step because CHST Matching Payments are only available for eligible material delivered to a CHST-qualified BCF. The Agreement and BCF CHST-qualification will become effective when both parties sign the MOU. Each facility must enter into a separate MOU regardless of whether one owner has multiple BCF's. The facility must be physically located in the U.S. or U.S. territories, an entirely separate legal entity from eligible material owners, and conduct purchases of the eligible material from the owners using arms-length transactions. The facility must agree to

purchase eligible material only on a dollar per dry ton weight equivalent basis and must agree to provide the eligible material owner a signed scale ticket clearly indicating the actual total tonnage delivered, total dry-weight tonnage equivalent purchased written on the scale ticket, and the authorized representative's signature written on the scale ticket.

Note: See the BCAP Website for additional requirements concerning BCF Qualification.

**Step 2. Eligible Material Owners and CHST-Qualified BCF's Enter into Sales Contracts, Purchase Commitment Agreements, or Nonbinding Letters of Intent for Eligible Material Sales and Delivery**

Copies of written sales contracts, purchase commitment agreements, or nonbinding letters of intent, for eligible material delivery and sale between the eligible material owners and a CHST-qualified BCF, must be submitted to the County Office before a CHST Matching Payment application is approved.

**Step 3. Eligible Material Owners Apply for CHST Matching Payments**

Owners with authority to sell eligible material must first apply for a CHST

matching payment at the County Office before sale or delivery of the eligible material to qualify for CHST matching payment. Eligible material owners who plan to deliver eligible material to multiple CHST-qualified BCF's are required to submit separate applications for CHST matching payment for each CHST-qualified BCF for which eligible material is planned to be sold and delivered. Eligible material owners who plan to deliver eligible material to a CHST-qualified BCF are required to submit applications for CHST matching payment to the County Office with administrative authority over the private land from which the eligible material is removed, or for biomass harvested or collected from public lands, the County Office, nearest the CHST-qualified BCF, which has received an allocation of CHST funds.

**Step 4. Eligible Material Owners With Approved Applications Submit Payment Requests After Sale and Delivery to Eligible Material to CHST-Qualified BCF's**

After each eligible material sale and delivery under arms-length sale transactions, eligible material owners must submit a "Request for Payment" at the FSA county office where the original application was approved

to notify and request CHST matching payment disbursement. Multiple sales and deliveries can be made under the initial approved CHST Matching Payment application. CHST matching payments will be disbursed only after all required documents, including original scale tickets and invoices, are submitted to the County Office.

Note: See the BCAP Website for all FSA National Directives and Documents related to BCAP implementation.

**Benefits**

BCAP supports the production of bioenergy on the nation's farms and ranches, provides matching payments for biomass from farms, ranches, and forest land delivered to a CHST-qualified biomass conversion facility, and protects the environmental health of land enrolled in BCAP.

**BCAP Administration**

FSA administers BCAP with partnership support from:

- USDA Rural Development (RD);
- USDA Forest Service (FS);
- USDA Natural Resources Conservation Service (NRCS);
- USDA Cooperative

- State Research,  
Education, and  
Extension Service;
- Department of Energy  
National Renewable  
Energy Laboratory;
  - State forestry  
agencies;
  - Local soil and water  
conservation districts;  
and
  - Other non-Federal  
providers of technical  
assistance.

**For More Information**

For more information on  
BCAP's CHST Matching  
Payment Program, please  
visit FSA's BCAP website  
at [http://www.fsa.usda.gov/  
energy](http://www.fsa.usda.gov/energy)

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