



FACTSHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
OHIO FARM SERVICE AGENCY

August 2011

Biomass Crop Assistance Program (BCAP) – Project Area Number 5

Overview

The Farm Service Agency (FSA) has announced a new Biomass Crop Assistance Program (BCAP) project area in Ohio and Pennsylvania (Project Area Number 5). 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. Agricultural land in Project Area Number 5 is eligible for the establishment of giant miscanthus for energy purposes.

Project Area Number 5

Project Area Number 5 targets acreage in parts of Ohio and Pennsylvania to grow giant miscanthus, a sterile hybrid warm-season grass that can be converted into energy to be used for heat, power, liquid biofuels, and bio-based products. Project Area Number 5 targets 2011 enrollment of 5,344 acres in all or portions of Ashtabula, Geauga, Lake and Trumbull Counties in Ohio and Crawford, Erie, and Mercer Counties in Pennsylvania. *Refer to the map on page 2.* The sponsor for this project is Aloterra Energy, LLC and the project area surrounds the company's biomass conversion facility in Conneaut, Ohio.

Only the planting of rhizomes of the "Illinois Clone" cultivar of giant miscanthus is authorized for this project area. Rhizomes for plantation acre establishment are

generally expected to be planted at a rate not to exceed 6,000 rhizomes per acre. Yields for biomass from giant miscanthus are expected to range between 10 and 12 tons of dry matter per acre, but can be as high as 15 tons per acre. Harvesting of giant miscanthus is generally expected between December 1st and April 15th each year after plant moisture levels have decreased.

These plantings are to be enrolled under 5-year BCAP contracts. Funds will be available to support enrollment of plantation land in FY 2011. BCAP contracts will be effective the first day of the month following COC approval, unless the producer defers the effective date. The effective date may be deferred for up to six months beginning the first day of the month succeeding the date in which the application is submitted.

Signup

The signup period for this project area began on June 20, 2011. The signup deadline will be September 16, 2011. To obligate FY 2011 funds, all BCAP contracts must be approved by September 30, 2011. Applications will be accepted on a continuous basis.

Eligible Land

Eligible land for Project Area 5 contracts must be agricultural land that is determined physically and legally suitable for the production of giant miscanthus. Eligible land includes cropland, grassland, hayland, and pastureland. To be eligible land, contract acreage must also be

suitable to be surrounded by a 25 foot buffer established to provide a growth barrier to inhibit the spread of miscanthus. Land in this buffer is ineligible to be enrolled under a BCAP contract, and any voluntary practice measures implemented on this buffer are ineligible for establishment payment.

Ineligible land under this project area includes:

- Active CRP, WRP, or GRP contracts;
- Land under other programs which prohibit biomass cropping;
- Private forestland;
- Land with any woody cover canopy;
- Native sod; and
- Land owned by Federal agencies, States, and local governments, including school districts.

Eligible Producers

To be an eligible producer, all landowners and operators must agree to plant the giant miscanthus according to a Conservation Plan developed by the Natural Resources Conservation Service (NRCS). Additionally, producers must also be in compliance with highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended. There are no Adjusted Gross Income (AGI) or Federal Crop Insurance requirements or payment limitations per person or per legal entity. To qualify as an eligible producer, all landowners and operators must present their written production agreement. These agreements will provide for the planting, production, and harvesting of the miscanthus rhizomes according to the

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specialized agronomic technology developed by the agreement parties. The production agreement between the producer and a third-party will include the following:

- Type of cultivar;
- Rate of rhizomes per acre to be planted;
- Agreement that cultivar is approved for planting through the Ohio Seed Improvement Association's Quality Assurance Program;
- Agreement to monitor, report, and allow for evaluation of and response to the potential spread of the miscanthus beyond the field perimeter; and
- Commitment to participate in training and information sessions.

BCAP Payments

•Establishment Payments

CCC will pay producers up to 75 percent of the costs to establish giant miscanthus. Eligible costs include giant miscanthus plant material, pesticide and other weed control measures to establish the stand, certain site preparation activities, and planting and related cultivation measures to establish the stand. Cost share for giant miscanthus plant material may be authorized up to \$553 per acre. Cost share for pesticides, site prep, and planting may be authorized up to \$250 per acre.

Planting or sowing of the approved giant miscanthus stands shall be completed within 12 months of the effective date of the BCAP contract. COC may waive the 12 month deadline, not to exceed a total of 24 months, for weather and/or plant material shortages.

•Annual Payments

Biomass producers in BCAP Project Area Number 5 may

receive annual payments for up to five years for giant miscanthus. For cropland, per acre annual rental payments shall be determined using the posted non-irrigated cropland Soil Rental Rates (SRR's). A weighted average SRR will be determined using the three predominant soils. For grassland, hayland, or pastureland, the per acre annual payment rates shall be determined for these non-cropped agricultural lands using the posted County Marginal Pastureland Rental Rate.

During the 5-year contract period, cropland base and yield history applicable to the land enrolled in a BCAP contract will be preserved.

Annual payments will be reduced by a percentage of the value of the crop and any matching payments received as follows:

- 1 percent if biomass sold for cellulosic biofuels;
- 10 percent if biomass sold for advanced biofuels;
- 25 percent if biomass sold for heat, power, or biobased products; and
- 100 percent if biomass sold for anything other than heat, power, biofuels, or biobased products.

All contract participants will be required to report all crop and land uses for contract acreage, and submit documentation for any crop disposition no less than 30 days prior to the anniversary date for each contract and before the issuance of the annual payment.

Contract Violations

If unauthorized destruction of the biomass crop occurs during the BCAP contract period, refund of payments received under BCAP will be assessed. Unauthorized destruction includes:

- Tilling for annual crops;
- Building structures such as homes, barns, or sheds; and
- Using the contract acreage for other than its intended purpose of biomass harvest.

For more information

Further information is available from local FSA offices or on the FSA website at: www.fsa.usda.gov.

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