



## Bioenergy Program

### Overview

USDA's fiscal year (FY) 2002 Bioenergy Program pays U.S. commercial bioenergy producers to increase their bioenergy production from eligible commodities between October 1, 2001, and September 30, 2002. Bioenergy is energy (fuel-grade ethanol and biodiesel) from biomass. Biomass is grass and other organic matter (such as corn, soybeans, etc.) available on a renewable basis.

The Bioenergy Program is administered by USDA's Farm Service Agency (FSA) and funded by USDA's Commodity Credit Corporation.

### Goal

The goal of the Bioenergy Program is to expand industrial consumption of agricultural commodities by promoting their use in production of bioenergy. The program is in line with the goals of the President's Executive Order 13134 on Biobased Products and Bioenergy.

### Program Cost

The FY 2002 program is funded at \$150 million.

### Signup

The Bioenergy Program signup period is September 4, 2001, through September 28, 2001. To participate in the program, producers must complete a Bioenergy Program Agreement, Form CCC 850. Forms are available at:

- USDA, FSA, Kansas City Commodity Office, Contract Reconciliation Division, P.O. Box 419205, STOP 8758, Kansas City, MO 64141 6205, Telephone 816-926-6525; or
- via the Internet at [www.fsa.usda.gov/daco/bio\\_daco.htm](http://www.fsa.usda.gov/daco/bio_daco.htm)

Bioenergy producers who expect to have eligible production between October 1, 2001, and September 30, 2002, must enroll in the program during the signup period. For example, a producer with a new plant that is expected to become operational in July 2002 must enroll that plant in the program by September 28, 2001, to be eligible to receive program payments on that new production during FY 2002.

### Eligibility Requirements

All commercial bioenergy producers are eligible to participate in the program. To participate, producers must provide USDA with

evidence of increased purchase and utilization of agricultural commodities for the increased production of bioenergy. The following conditions also apply:

- All fuel ethanol production is eligible; however, ethanol under 200 proof will be converted to 200 proof gallons before payment calculations are made.
- Ethanol producers must produce and sell ethanol commercially and have authority from the Bureau of Alcohol Tobacco and Firearms to produce ethanol for fuel or sell denatured ethanol rendered unfit for beverage use.
- Biodiesel producers must produce and sell biodiesel commercially and be registered and in good standing with the Environmental Protection Agency.

Once a producer is accepted into the program, USDA will provide additional instructions on how to submit quarterly applications for payments.

### Eligible Commodities

Eligible commodities are those listed below which are produced in the U.S. and its territories:

- Barley
- Corn
- Grain Sorghum
- Oats

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- Rice
- Wheat
- Soybeans
- Sesame Seed
- Sunflower Seed
- Canola
- Crambe
- Rapeseed
- Safflower
- Flaxseed
- Mustard Seed
- Cellulosic crops, such as switchgrass and short rotation trees, grown on farms for the purpose of producing fuel-grade ethanol and/or biodiesel

#### Payments

USDA will pay eligible producers up to \$150 million on a quarterly basis. Payments to each producer are capped at \$7.5 million per year. USDA will base payments on the increase in bioenergy production compared to the previous year's production.

Payments will be structured to encourage participation of producers with less than 65 million gallons annual production capacity. Producers with total annual production of:

- less than 65 million gallons are reimbursed 1 feedstock unit for every 2.5 used for increased production;
- 65 million gallons or more are reimbursed 1 feedstock unit for every 3.5 used for increased production.

If the signup results exceed the available \$150 million, USDA may apply a factor to payments. For commodities other than corn used to produce ethanol and soybeans used to produce biodiesel fuel, USDA will announce an applicable gallon conversion factor and how it will determine payments.

#### More Information

Further information on the Bioenergy Program is available in the Federal Register, 7 CFR 1424, published November 13, 2000, and on FSA's web site at: [www.fsa.usda.gov/daco/bio\\_daco.htm](http://www.fsa.usda.gov/daco/bio_daco.htm)

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