

**Fact Sheet****Announced Bioenergy Program: 7CFR 1424****Objective**

To expand industrial consumption of agricultural commodities by promoting their use in production of bioenergy which will also advance the goals set forth in the President's Executive Order on Biobased Products and Bioenergy.

Purpose

To promote increased production of bioenergy (ethanol and biodiesel).

Authority

Section 5(e) of the Commodity Credit Corporation (CCC) Charter Act authorizes CCC to use its general powers to "increase domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets for agricultural commodities..."

Proposal

CCC will make cash payments to bioenergy producers compensating them for a portion of their increased commodity purchases made to expand existing production of bioenergy and to encourage the construction of new production capacity.

Operations

- Bioenergy producers will apply to CCC to participate in this program.
- Eligible commodities will be barley, corn, grain sorghum, oats, rice, wheat, soybeans, sunflower seed, canola, crambe, rapeseed, safflower, flaxseed, mustard seed, and cellulosic crops, such as switchgrass and short rotation trees, grown on farms for the purpose of producing ethanol and or biodiesel or any other commodity or commodity by-product as determined and announced by CCC used in ethanol and /or biodiesel production which is produced in the United States and its territories. CCC plans to issue a future proposed rule specifically requesting comments on adding animal fats and oils that are first used in ethanol and biodiesel production to this program.
- Eligible producers will provide CCC with evidence of increased purchase and utilization of agricultural commodities for the increased production of bioenergy.
- CCC will make up to \$300 million in cash payments in FY 2001 and FY 2002 (\$150 million in each FY) to eligible bioenergy producers on a quarterly fiscal year to date basis.

- Payments will be based on the increase in bioenergy production compared to the previous year's production fiscal year to date.
- All commercial bioenergy producers will be eligible to participate in the program.
- Payments will be structured to encourage participation of producers with less than 65 million gallon annual production capacity.
- A payment limitation will restrict the amount of funds any single producer may obtain annually under the program to five percent or \$7.5 million for FY's 2001 and 2002.

Funding

CCC borrowing authority.

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