



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

(Revised) July 2011

Biomass Crop Assistance Program – Project Area Number 9

Hybrid Poplar Tree Growers in Morrow County, Oregon Eligible to Receive Financial Incentives to Help Support Cellulosic Ethanol and Bio-based Chemical Production

Overview

The Farm Service Agency (FSA) has announced the ninth new Biomass Crop Assistance Program (BCAP) project area in Morrow County, Ore. 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. These producers are eligible to receive establishment and annual payments to grow hybrid poplar trees for biomass.

Hybrid poplar trees is a short rotation woody crop and can produce large amounts of woody biomass through coppicing harvests that allow for repeated cuttings of wood from each tree. Under this project existing tree farmland on which saw log trees have been harvested for other commercial uses will be rededicated to new hybrid poplar planting for biomass purposes. These new trees will generally be inter-planted in open strips between remaining saw log trees.

To support hybrid poplar producers in the project area, FSA will enter into three-year contracts with the eligible producers to grow the tree crops

on cropland enrolled in BCAP contracts. These participants will be required to maintain and harvest the trees during and after the three-year contracts at their own expense. Producers must have a production agreement with the project sponsor, ZeaChem Inc., to supply woody biomass to the sponsor's biomass conversion facility in Boardman, Ore.

Project Area Acreage Targets & Location

Up to 7,002 total acres are approved for the hybrid poplar plantings in Morrow County, Ore., for new BCAP contract enrollment. Phased-in tree plantings are expected to cover roughly 778 acres per year and will be planted annually over the next nine years.

Hybrid poplar is estimated to produced 12-to-15 dry tons of matter per acre at coppicing or harvest.

Annual Payments for Enrolled Land

Per acre annual rental payments for cropland enrolled under these contracts will be set at the irrigated cropland cash rental rate of \$362/acre.

BCAP contracts will be 3 years in length with all payments obligated from the FY 2011 allocations. The estimated total annual rental payment allocation amount is \$17,127,000 which

is intended to fund obligations for the 7,002 acres for the full 3 years.

Required Reductions in Annual Payments

Annual payments will be reduced in the year the eligible crops are harvested or collected from the contract acreage by a percentage of the value of the harvest/collection and any BCAP matching payments (see table on page 2).

All uses of plant material removed from land enrolled under active contracts, grazing, gleaning or similar uses will also trigger reductions in annual payments. FSA will require all participants to keep and submit accurate records of the disposition and/or sale of all materials removed from contract acreage.

Establishment Payments

Establishment payments are authorized for this project at the 75 percent of the producer's first year establishment costs, not to exceed \$1,360 per acre or \$9,522,720 total. The cost of the planting stock may not exceed 16 cents for each tree seedlings. Planting labor costs may not exceed 7 cents for each tree seedling. Some additional first year establishment measures are also eligible for establishment payments.

All other establishment, maintenance and harvested

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costs for practice measures beyond the first year will be the responsibility of the producer. Establishment practices and costs must be compliant with the USDA Technical Service provider's conservation plan.

Matching Payments

Matching payments for eligible biomass material also will not be available for biomass harvested or collected from BCAP contracted acreage by eligible material owners.

Eligible Land

Only land classified as cropland by FSA is eligible to be enrolled in this project. Forestland and similar lands will not be eligible for this project. Eligible land must be suitable, as determined by USDA's Natural Resources Conservation Service, for the production of hybrid poplar.

Ineligible land also includes native sod and land owned by federal agencies, states, and local governments. Additionally, land enrolled in Conservation Reserve Program (CRP), Wetlands Reserve Program, or Grassland Reserve Program is ineligible for enrollment in BCAP. Land enrolled in other programs may also be ineligible depending on the terms and conditions of those programs.

Producer Participation

The signup periods for producers in project area counties are scheduled to run from Aug.8 through Sept.16, 2011. Approvals of offers during this period will be made
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REDUCTION PERCENT	FINAL CONVERSION PRODUCT
1 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).
10 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).
25 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).
100 Percent	If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).

on a continuous basis, subject to funding availability. An enrollment application will be taken at the county USDA Service Center location where the farm is serviced.

Producers must be in compliance with the highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended, to be eligible for BCAP. There are no adjusted gross income requirements or payment limitation requirements for program participants. Any

existing cropland base and yield history will be preserved for land enrolled in a BCAP contract.

For More Information

For more information about BCAP visit the FSA BCAP website at <http://www.fsa.usda.gov/bcap>, or see the general BCAP fact sheet at http://www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf.

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