

# FSA HANDBOOK

## Biomass Crop Assistance Program

To access the transmittal page click on the short reference.

For State and County Offices

SHORT REFERENCE

1-BCAP

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250



**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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**Biomass Crop Assistance Program  
1-BCAP**

**Amendment 1**

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**Approved by:** Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Issuance**

This handbook provides policy and procedure to FSA State and County Offices for implementing BCAP. This handbook:

- replaces Notices BCAP-12, BCAP-18, and BCAP-19
- clarifies and provides the following items from those notices:
  - roles and responsibilities of COC's, CED's, STC's, SED's, DD's, PT's, and State BCAP Review Team for project area proposals
  - fair market value requirement
  - further guidance on State matching payment allocation requests
  - further guidance on using web-based BCAP forms
- provides BCAP filing codes (Exhibit 4).

**B Obsolete Material**

The following notices are obsolete:

- BCAP-2
- BCAP-12
- BCAP-18
- BCAP-19.



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**Part 1 Basic Provisions****1 Overview****A BCAP Objectives**

The following are general BCAP objectives:

- support establishing and producing eligible crops for conversion to bio-energy within BCAP project areas
- assist agricultural and forest land owners and operators with CHST of eligible material for use in BCF.

**B Sources of Authority**

The statutory authority at Title IX of the Farm Security and Rural Investment Act of 2002, as amended by Title IX of the Food Conservation and Energy Act of 2008, and the regulations at 7 CFR Part 1450 govern BCAP.

**C Handbook Purpose**

This handbook provides policies and procedures to FSA State and County Offices for adhering to general provisions and carrying out BCAP responsibilities.

**D Project Area Overview**

Under the Project Area component of BCAP, participants may receive annual and establishment payments for producing energy crops within BCAP project areas. This handbook provides policy for submitting project area proposals.

A forthcoming amendment or other National BCAP directive will add provisions for the following:

- enrolling agricultural land and NIPF under BCAP land contracts in approved project areas
- planting of new energy crops on BCAP land contract acreage
- issuing establishment, annual, and matching payments to producers with BCAP land contracts.

## 1 Overview (Continued)

### E Matching Payments Overview

Matching payments provide EMO a matching payment for the sale and delivery of eligible material to QBCF. These payments are available to EMO's at the rate of \$1 for each \$1 per dry ton paid by QBCF to EMO's, limited to a maximum of \$45 per dry ton and limited to a 2-year payment duration.

**Notes:** All payment rates used in sales transactions between EMO's and QBCF's must reflect fair market values for the various types and varieties of eligible material biomass.

Under some circumstances matching payments are also available for QBCF's who use their own eligible material and do not purchase from a separate party. See paragraph 123.

See Exhibit 2 for definitions of EMO and QBCF.

### F Voluntary Participation

BCAP is entirely voluntary. BCF may choose whether to seek to become QBCF. Persons or entities may choose whether to seek matching payments as EMO.

## 2 Availability of BCAP Information

### A Public Information

Unless otherwise noted in this handbook, public information on BCAP is available at [www.fsa.usda.gov/BCAP](http://www.fsa.usda.gov/BCAP).

### B Internal Resources

In addition, FSA employees may access internal resources for program implementation and automation through the State and County CEPD Information Center at <http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm>.

**3 Related Handbooks, Manuals, and Forms**

**A Related Handbooks and Manuals**

Related handbooks include the following.

<b>Handbook or Manual</b>	<b>Purpose</b>
1-APP	Appeals
1-AS	Supplementing BCAP matching payments provisions
3-AS	Clearing forms
25-AS	Records management
1-CM	Common management provisions
2-CM	Common farm and program provisions
3-CM	Farm, tract, and crop data
1-COR	Quality control
4-CP	Payment reductions and violations
6-CP	HELC and WC provisions
7-CP	Finality rule and misaction/misinformation
3-FI	Handling receipts and deposits
50-FI	Prompt payment interest rates
58-FI	Handling claims
61-FI	Prompt payment provisions
62-FI	Nonresident alien income tax
63-FI	Assignments and joint payments
2-INFO	Providing information to the public
3-INFO	Privacy Act
4-PL	Direct attribution for the 2-year matching payment duration
22-PM	County Office personnel management procedures about conflict of interest with official duties
NRCS National Food Security Act Manual	HEL and wetland determinations and delineations

### 3 Related Handbooks, Manuals, and Forms (Continued)

#### B State Supplements to These Provisions

State Office handbook supplement instructions shall **not** be less or more restrictive than the provisions of this handbook. However, State-specific amendments may be made that are consistent with BCAP provisions. For permanent directives, the following guidelines must be followed:

- issue a permanent State Office directive only as a supplement to this handbook

**Note:** Do **not** create a separate State handbook.

- do **not** rewrite or elaborate on unclear or incomplete national instructions
- do **not** modify national wording when adding supplemental information
- State Offices may supplement these handbook instructions according to 1-AS.

**Note:** Periodically, the National Office may select State Office amendments for review.

### 4 Access to Farms, Farm Records, and QBCF Records

#### A Access by USDA Representatives

Authorized USDA representatives shall, by written agreement, have access to the following:

- farms and farm records to:
  - make eligibility determinations
  - verify practice performance measures
  - determine program benefit amounts
- QBCF records, as provided in the BCF Agreement, to ensure BCF's, EMO's, and BCAP participants are in compliance with program regulations and this handbook.

#### B Disclosure of Information

See 1-INFO, 2-INFO, and 3-INFO about public information. Information subject to the Privacy Act and related laws must **not** be disclosed for either QBCF's or EMO's.

## 5 Relief Actions

### A Waiver by DAFP

Unless prohibited by statute, DAFP may waive any provision in this handbook.

**Exception:** The waiver provision is not a substitute for:

- appeal provisions in 1-APP for adverse producer determinations only
- misaction or misinformation provisions in 7-CP.

**Note:** A COC request and recommendation for a waiver must be submitted through STC. The written request submitted to STC and DAFP for the waiver must describe the basis and justification for the request, including all written documentation in the case file.

### B Request for Meritorious Relief

STC may authorize meritorious relief according to 7-CP, to an applicant for matching payments based on a producer's request, documented justification, and COC recommendation only within the authorities delegated to it by the BCAP contract and attachments or this handbook.

COC may submit to STC requests for relief from complying with the BCAP contract terms and conditions with required documentation.

STC shall determine whether meritorious relief is supported or not supported on a case-by-case basis.

All matching payment request cases for which relief is supported by STC must be submitted to the BCAP Program Manager, CEPD, for approval by DAFP and shall contain the following:

- copy of requestor's written request for relief
- copy of COC and/or STC minutes thoroughly documenting request and justification
- copy of all applicable forms and documents in the case file, including but not limited to the contract, copy of aerial photocopies, conservation plans, forest stewardship plan and deeds, etc.

**5 Relief Actions (Continued)**

**B Request for Meritorious Relief (Continued)**

- all documentation used by COC and STC during review
- narrative of the case in chronological order.

**Notes:** Incomplete case files will delay response.

Requests for meritorious relief do not apply to qualification requests by BCF's.

**6 Handling Program Infractions**

**A County Office Action**

If a person or legal entity may have violated a program payment provision, document all pertinent facts about the nature and extent of the violation. If the case:

- involves possible violations of criminal or civil statutes, handle promptly according to 4-CP
- is a violation of a program provision and does not involve a false claim or fraud, COC shall make a detailed finding of fact and record its determination.

**Notes:** Include any amount to be recovered in the finding.

If warranted, COC may submit the case with a recommendation for STC action.

**B Producer Notification**

COC or STC shall promptly notify the producer if it finds that program provisions have been violated. Include a statement of:

- COC's determination and the facts upon which it is based
- the amount of overpayment to be refunded with a demand for the refund.

**Note:** Advise the producer of the right to appeal according to 1-APP.

**7-19 (Reserved)**

**Part 2 Responsibilities**

**Section 1 Agency Responsibilities**

**20 Responsibilities by Agency**

**A FSA Responsibilities**

FSA administers BCAP on behalf of CCC.

**B RD Responsibilities**

RD will, as appropriate, participate in National-level and State-level advisory teams as available to support BCAP operations.

**C State Forestry Agency Responsibilities**

The State Forester/State Forestry Agency may create forest stewardship or equivalent plans when appropriate. Consulting foresters, if authorized under State forestry guidelines and approved by the State Forester, may prepare any required plans.

Participate, as appropriate, in National-level and State-level advisory teams as available to support BCAP operations.

**D NRCS Responsibilities**

NRCS will, as appropriate, participate in National-level, State-level, and county-level advisory teams to support BCAP operations. NRCS will develop conservation plans and will, as needed, consult with cropland owners who have existing HEL plans to help ensure any biomass harvested and collected from HEL cropland is consistent with existing plan requirements.

**20 Responsibilities by Agency (Continued)**

**E FS Responsibilities**

FS will support BCAP by:

- supporting forest stewardship and equivalent plan development as needed through Cooperative Forestry with State Forestry Agencies and State Foresters
- helping to ensure that biomass that is harvested or collected from National forest land is done in compliance with all FS permit/regulatory requirements
- participating, as appropriate, in National-level and State-level advisory teams as available to support BCAP operations.

**F BLM Responsibilities**

BLM will support BCAP by:

- helping to ensure that biomass that is harvested or collected from BLM land for BCAP matching payment participation is done in compliance with all BLM permit/regulatory requirements
- participating, as appropriate, in National-level and State-level advisory teams as available to support BCAP operations.

**21-29 (Reserved)**

**Section 2 FSA Administrative Responsibilities****30 Responsibilities****A STC Responsibilities**

Within the authorities and limitations in this handbook, STC:

- shall follow provisions in this handbook
- shall handle appeals according to 1-APP
- shall require reviews to ensure that County Offices comply with requirements established by the National and State Offices
- may require additional parameters of review as needed to ensure compliance with program requirements
- shall document actions taken in minutes or other written records
- shall handle requests for meritorious relief, according to subparagraph 5 B
- shall notify the BCAP Program Manager about interest in BCF, according to paragraph 34.

**B SED Responsibilities**

Within the authorities and limitations in this handbook, SED or designee shall:

- review and approve QBCF agreements if all provisions in paragraph 73 are met
- notify BCF, in writing, of approval or rejection, according to paragraph 73
- determine current fair market price per dry ton by material type, according to subparagraph 71 D
- periodically inform the public about matching payments, according to subparagraph 75 A
- report software problems to CEPD, Conservation Automation Branch
- inform the BCAP Program Manager of any BCF's believed to be engaging in a violation, according to paragraph 229

**30 Responsibilities (Continued)****B SED Responsibilities (Continued)**

- routinely announce QBCF locations and general eligible material needs, according to subparagraph 72 B
- chair the State BCAP Review Team, according to paragraph 251
- notify the BCAP Program Manager about interest in BCF, according to paragraph 34
- perform outreach related to BCAP project areas, which include, as applicable:
  - producers
  - biomass industry groups in the State
  - farm groups
  - farm cooperatives
  - ethanol industry
  - power industry including Rural Cooperative Power Utilities
  - forest industry groups
  - tribal leaders
  - conservation and environmental groups
  - beginning, socially disadvantaged, and limited resource farmers and ranchers
  - potential project sponsors.

**C DD Responsibilities**

Within the authorities and limitations in this handbook, DD shall:

- ensure that COC's and CED's follow provisions in this handbook
- review County Office procedures to ensure that County Offices comply with requirements established by the National and State Office
- provide SED with a written report of all reviews
- report software problems to the State Office
- disclose interest in BCF's to SED, according to paragraph 34.

**30 Responsibilities (Continued)**

**D COC Responsibilities**

COC:

- shall make matching payment eligibility determinations for EMO's
- shall ensure that CED follows provisions in this handbook
- must document all actions taken in COC minutes and include the following:
  - all factors considered
  - justification of all determinations
  - reference to applicable handbook procedures
- disclose interest in BCF's to SED, according to paragraph 34
- must document recommendations for relief to STC according to this handbook and 4-CP
- shall handle appeals according to 1-APP and record and document determinations in the COC minutes
- makes determinations on qualifying eligible materials according to Part 3, Section 2.

**E CED Nondelegated Responsibilities**

Without formal delegation, and as part of the daily office operations, CED or PT designee shall:

- send forest stewardship, conservation, or equivalent plan referrals to providers of technical assistance when applicable
- approve BCAP-10, BCAP-11, BCAP-23, BCAP-24, FSA-848B, Applications/Agreements for eligible applicants, and other forms identified in Exhibit 1, as applicable
- calculate and disburse matching payments
- ensure that County Offices follow provisions issued by COC, DD, State Offices, and this handbook

**30 Responsibilities (Continued)****E CED Responsibilities (Continued)**

- ensure that all automated processes are completed in a timely manner
- report incorrect software calculations, discrepancies, and problems to SED, through DD
- report to SED and the State Office BCAP Program Specialist, through DD, incomplete or incorrect procedures in this handbook
- assist COC in ensuring that all pertinent information and program deadlines are publicized
- determine value of refunds, interest, and liquidated damages, when applicable, and according to the provisions of this handbook
- disclose interest in BCF's to SED, according to paragraph 34
- provide EMO's documentation of the date that the 2-year duration for payments begins, according to paragraph 124
- ensure that signature deadlines are carefully monitored for reconstituted farms, designating payment shares, and necessary supporting documentation, such as AD-1026 and CCC-901
- inform the State Office of any BCF's believed to be engaging in a violation, according to paragraph 229
- ensure that producers receive complete, accurate, and timely program information about BCAP, including QBCF locations and general eligible material needs according to subparagraph 72 B, by providing information through the following:
  - program leaflets, newsletters, and print media
  - meetings
  - radio, television, and video.

**Note:** CED may designate PT to perform these and other functions without formal delegation.

**30 Responsibilities (Continued)**

**F PT Responsibilities**

PT shall:

- follow the provisions in this handbook
- support program signup, application management, and payments operations on a day-to-day basis
- report the following to CED:
  - incorrect software calculations and discrepancies
  - incomplete or incorrect procedures in this handbook.

**31 Written Documentation**

**A COC Actions**

COC shall document determinations by:

- appropriately documenting and properly signing all applicable forms and documents
- recording all determinations in COC minutes.

**B CED and PT Employee Action**

County Office employees shall ensure that facts obtained, or actions taken, are made a matter of written record by:

- recording the facts or actions on either of the following:
  - applicable documents
  - a statement attached to the applicable document
- initialing and dating modifications to any program documents.

**32 Delegations of Authority**

**A COC Delegated Authorities**

COC authorities may be delegated to CED.

**B Limitations on Delegations**

COC shall:

- establish and specify determinations if any that will be delegated to CED, recorded in COC minutes, and filed according to Exhibit 4 and 25-AS
- review delegated authorities annually to ensure that they are being followed.

CED shall carry out responsibilities according to COC delegations.

COC shall **not** redelegate the following:

- actions and determinations involving lands owned by STC, COC, CED's, or other County Office employees
- determining violations, according to Part 3, Section 7
- hearing appeals
- appeal decisions.

**C Authorities Not to Delegate**

The following COC authorities shall not be delegated:

- hearing appeals for reconsideration and making decisions on relief requests or appeals
- determining whether there is a violation of BCAP provisions.

**D Voting Limitation**

COC members shall abstain from voting on any determination about a BCAP application in which that member or an immediate family member has a personal interest.

**33 Special Approval Authorities for BCAP Applications**

**A Authorized Persons for BCAP Review and Approval**

The following provides required reviews, persons responsible for review, and persons responsible for approval or disapproval for BCAP-10 or BCAP-24.

<b>IF the BCAP Application is for...</b>	<b>THEN the BCAP Application must be reviewed by...</b>	<b>BEFORE approval or disapproval by...</b>
<ul style="list-style-type: none"> <li>• COC members</li> <li>• FSA County Office employees</li> <li>• other county USDA employees</li> <li>• Conservation District board members</li> </ul>	DD or STC	County Office, COC, or delegated CED.
State Office employees	STC	
STC members	BCAP Program Manager	
SED's		
other FSA employees		

**Note:** Reviews must be completed for any entity for which the employees, who are subject to a required review, have a substantial beneficial interest, as defined in 4-PL.

**B General Requirements for BCAP Review and Approval**

Persons making the required reviews must ensure that all:

- eligibility requirements are met
- all required entries on BCAP-10 or BCAP-24 are completed.

For those applications or BCAP-24's requiring BCAP Program Manager approval, SED must ensure that County Office does **not** approve BCAP-10 unless and until authorized by the BCAP Program Manager in writing.

**34 Special Disclosure Requirement for FSA Employee Interest in BCF's Seeking Qualification**

**A Disclosure Requirements**

For matching payments according to Part 3, all FSA employees, including immediate family members, who have an interest in BCF seeking qualification, must disclose this interest in writing to SED.

**B Written Notification of Disclosure to National Office**

SED's and STC members must provide written notification to the BCAP Program Manager.

**35-69 (Reserved)**



**Part 3 Matching Payments****Section 1 Qualifying BCF****70 Qualification Purpose****A Overview**

For EMO to qualify for a matching payment for the delivery and sale of eligible material to BCF, the receiving BCF must first become qualified under BCAP. To become qualified, the eligible BCF must enter into an agreement with CCC and submit related forms and documents according to subparagraphs 71 A and C, to the FSA State Office in the State where the facility is primarily physically located.

The qualifications provided to facilities under the earlier BCAP NOFA are **not** applicable for the new matching payment component of BCAP.

All facilities seeking to support matching payments for the biomass suppliers **must** obtain new qualifications according to this handbook.

**B QBCF Limitation**

By becoming QBCF, the facility does not qualify itself for any matching payment or other direct program benefits. Qualification of BCF allows EMO who delivers eligible material to QBCF to potentially qualify for matching payments.

**Note:** There are some circumstances where QBCF can also be EMO and receive matching payments according to subparagraph 71 D.

## 71 Qualifying BCF's

## A Eligibility for Qualification

To be eligible for qualification, BCF must:

- convert or propose to convert the eligible material for which matching payments are issued to heat, power, biobased products, or advanced biofuels

**Notes:** If converting eligible material biomass into any biobased products, those products must meet the definition of biobased product, according to this handbook, and all of the following standards as determined by DAFP:

- meet the minimum biobased content threshold for appropriate item classification
- **not** have significant national market penetration as of 1972.

Biobased products may be listed in the Biobased Products Catalog available at [www.biopreferred.gov](http://www.biopreferred.gov).

- maintain and meet all necessary regulatory and permitting requirements by applicable Federal, State, tribal, and local authorities and submit copies of such permits with the Application/Agreement

**Note:** For lengthy permits, the State Office may authorize submission of only key permit pages, provided that the key page submission includes permit title, number, expiration date, name of permit holder, agency issuing permit, and agency authorized signature.

- be physically and entirely located in the U.S.

**Note:** Delivery, as determined by CCC, to a facility's campus, off-site delivery location or affiliated facility must be located within the U.S.

- agree, in writing, when purchasing eligible material to always pay fair market price according to subparagraph D

## 71 Qualifying BCF's (Continued)

## A Eligibility for Qualification (Continued)

- agree **not** to pay for eligible material with any additional payments which are not included in the dollar per dry ton rate, including side agreement payments, general handling payments, or any other payments not included in the dollar per dry ton rate, **regardless** of normal industry practices
- enter into a separate agreement with CCC when a parent company has **any** of the following:

- facilities in multiple States

**Note:** The agreements must be with each State in which facilities are located.

- multiple facilities at different locations within 1 State
- separate biomass conversion operations using separate and distinct biomass conversion technologies at a single location
- subsidiaries or other legally affiliated entities which process biomass at the same location

**Notes:** Separate agreements may also be required for other circumstances if determined necessary by DAFP.

CEPD will issue unique facility ID numbers to each qualifying BCF.

- agree to make available at 1 place and at all reasonable times for examination by representatives of USDA, all books, papers, records, contracts, scale tickets, settlement sheets, invoices, written price quotations, or other documents related to BCAP for not less than 3 years after the date that eligible material was delivered to QBCF
- agree to allow USDA to periodically inform the public that payments may be available for deliveries of eligible material to such QBCF, to promote the existence of the facility and make general information about the facility, and its biomass needs, available to the public to help foster development of open markets for renewable biomass

## 71 Qualifying BCF's (Continued)

## A Eligibility for Qualification (Continued)

- agree to use commercial weight scales that are certified for accuracy by applicable State or local authorities and accurate moisture measurement equipment to determine the dry ton weight equivalent of actual tonnage delivered
- agree to permit an inspection of biomass deliveries upon request by USDA, CCC, or FSA
- agree to calculate a total dry weight tonnage equivalent to the actual tonnage delivered and provide that measurement to EMO for each load on the scale ticket or equivalent settlements sheets
- agree to operate BCF's and conduct all eligible material purchases according to terms and conditions in the Agreement and related forms
- agree, in writing, when purchasing eligible material using a written sales contract or binding LOI, and to purchase only on a dollar per dry ton weight equivalent basis, and agree to provide EMO a signed scale ticket or equivalent settlement sheets which include scale ticket information; clearly indicating the following for each load:

- actual green tonnage delivered
- total dry weight tonnage equivalent to the actual tonnage delivered

**Note:** When scale tickets are provided instead of a settlement sheet, the dry weight tonnage may be provided on the scale ticket or other invoice.

- date of delivery
- the certified scale ticket number
- price per dry ton actually paid
- type of eligible material biomass delivered
- for each scale ticket or each settlement sheet submitted:
  - an authorized signature (original, electronic, or stamped)
  - unique facility ID number

**Note:** A copy of the signed scale ticket or settlement sheet including scale ticket information **must** be provided to EMO.

71 **Qualifying BCF's (Continued)****A Eligibility for Qualification (Continued)**

- agree to maintain a BCAP Purchase List for all biomass purchased which contains all the items listed in the sample purchase list available in Exhibit 11 and at [www.fsa.usda.gov/BCAP](http://www.fsa.usda.gov/BCAP)

**Note:** If settlement sheets, including scale ticket information, are used instead of attaching scale tickets to the settlement sheets, BCF may obtain this information from the BCAP Purchase List.

- agree to the terms and conditions of Agreement, AD-1047, and related documents

**Note:** AD-1047 will require the owners of applying BCF's to certify that the applying facility and its principals are in compliance with 7 CFR Part 3017 and not subject to disbarment or suspension.

- agree to not discriminate against EMO's based on race, color, national origin, sex, religion, age, disability, political beliefs, and marital or familial status, or affiliation/nonaffiliation with farmer/participant cooperatives, or other business arrangements.

**Note:** A fillable QBCF Agreement is available at [www.fsa.usda.gov/BCAP](http://www.fsa.usda.gov/BCAP). Related BCAP-1 and AD-1047 must be completed and signed by BCF and submitted to the State Office.

**B Waivers for BCF's Engaged in Precommercial Activity**

Waivers to allow for qualification of BCF's proposing to receive material that will **not** be converted to heat, power, a biobased product, or advanced biofuel may only be approved by DAFP. Waivers may be granted for BCF's engaged in precommercial activity that precede actual conversion of eligible material for a BCAP purpose. All requests for waivers must include the STC recommendation and all documentation to support the request, including STC meeting minutes that clearly indicate:

- why STC determined that BCF is engaged in precommercial activity that will lead to commercial operations
- uses that BCF will make of the eligible material delivered to it for which BCAP matching payments will be sought

71 **Qualifying BCF's (Continued)****B Waivers for BCF's Engaged in Precommercial Activity (Continued)**

- an estimated schedule for when conversion of the material to heat, power, a biobased product, or advanced biofuel will begin
- an estimate of the amount of eligible material that will be delivered and for which BCAP matching payments will be sought.

**C BCF Qualification Required Documents Summary**

To become qualified, BCF must provide **all** of the following completed items to the State Office:

- QBCF Agreement (2 copies with original signatures)
- BCAP-1 (2 copies with original signatures)
- AD-1047 (1 copy with original signatures)
- copies of all environmental, health, safety, and business permits and licenses, required by local Governments, Tribal Governments, State Governments, and the U.S. Federal Government

**Notes:** A fillable QBCF Agreement, BCAP-1, and AD-1047 are available at [www.fsa.usda.gov/BCAP](http://www.fsa.usda.gov/BCAP).

No changes are authorized to the preprinted text on the QBCF Agreement, BCAP-1, or AD-1047.

- for lengthy permits, the State Office may authorize submission of only key permit pages, if the key page submission includes permit title, number, expiration date, name of permit holder, agency issuing permit, and agency authorized signature.

71 **Qualifying BCF's (Continued)****D Fair Market Value Price Requirement for Eligible Material Purchases**

The requirement that BCF's pay fair market value for all eligible material is applicable to nonrelated party transactions and related party transactions.

Fair market pricing should be consistently reflected on the binding LOI or contract with EMO's, the BCAP Purchase List, and settlement sheets provided to EMO's according to deliveries.

QBCF that is also EMO, and is able to purchase eligible material internally, based on a related party commercial sale transaction; agrees to pay rates outlined in sales contracts, and actually paid by QBCF's to the related party EMO at current market value rates per dry ton for the various types and qualities of biomass.

State Offices shall consult with QBCF's to determine current fair market price per dry ton by material type as part of estimating allocation needs. These price estimates shall be evaluated for reasonableness in consultation of State forestry authorities or other authorities and transmitted to the BCAP Program Manager. The collection of fair market prices gathered in this manner will be used as basis of comparison in any spot check of QBCF material purchases.

Fair market prices must be the rates QBCF makes available and pays to all other biomass suppliers, regardless of BCAP participation.

**Notes:** This requirement for QBCF's to pay fair market prices to all sellers of biomass includes payments from cooperatives to members and nonmembers.

Failure to pay fair market values to EMO's will likely result in disqualification of QBCF.

## 72 Facility Public Information Provisions

### A National Outreach

The National Office shall maintain a listing of QBCF's for general public access and distribution that may include general information about the facility and its eligible material needs.

### B State and County Outreach

State and County Offices in the region of QBCF shall routinely announce QBCF locations and general eligible material needs.

## 73 SED Authority for Sign Agreements for Tentative Qualification Approval

### A Signing BCAP Agreements

SED's, or designee, are delegated authority to sign QBCF Agreements only after all of the following have occurred:

- State Office reviews submission for qualification
- BCF submits all necessary documents to the State Office and meets all the requirements for qualification.

SED's, or designee, shall perform the following:

- review submissions for qualification
- contact BCF if there is missing, incomplete, or inaccurate data

**Notes:** Only QBCF Agreements that are complete and accurate may be approved by SED and submitted to the BCAP Program Manager for assignment of facility number.

Incomplete QBCF Agreements submitted to the BCAP Program Manager will be returned to SED. Corrected QBCF Agreements may be resubmitted.

- sign complete QBCF Agreements that meet all submission requirements.

**Note:** The QBCF Agreement will **not** become effective until a facility ID number is assigned by CEPD.

**73 SED Authority for Sign Agreements for Tentative Qualification Approval (Continued)**

**B Transmitting QBCF Agreements to the National Office**

SED's, or designee, shall send the completed BCAP-1 by e-mail to **cepdmail@wdc.usda.gov** with the subject line titled "BCAP Application".

**Notes:** BCAP-1's that are **not** e-mailed as completed fillable pdf documents will be returned for completion.

State Office must maintain official copies of all approved and disapproved QBCF Agreements.

**C Notifying BCF of Approval or Rejection**

SED or designee must notify BCF, in writing, of approval or rejection.

**74 Approving QBCF Agreements**

**A Approval Timeline**

If the completed electronic versions of Agreement and all related forms and documents required by subparagraph 71 C are deemed acceptable by DAFP, the final approval will be issued by assigning a unique QBCF ID number, and providing copies of QBCF Agreements to the facility and the State Office.

**B Agreement Effective Date**

The Agreement is approved when both BCF authorized representative and SED sign the Agreement but is not effective until a unique QBCF ID number is assigned.

**75 Outreach for QBCF's**

**A Public Release**

State Offices will periodically inform the public that matching payments may be available for deliveries of eligible material to QBCF's in that State.

**B List of QBCF's**

The National Office will maintain a publicly-available web-based listing of QBCF's for general public access and distribution that may include general information about the facility and its eligible material needs.

**76 Disqualifying a Previously QBCF****A Disqualification Action**

FSA will suspend, terminate, or take other actions as appropriate when QBCF fails to comply with the QBCF Agreement. See paragraph 229 for additional information about fraud, waste, or abuse.

**B Consequences of Disqualification**

If QBCF fails to comply in full with all of the terms and conditions of the QBCF Agreement, some or all of the following may apply:

- QBCF will reimburse CCC with interest for all matching payments to all persons or legal entities that received payments for any eligible material during the period the facility was not in compliance with the QBCF Agreement
- subsequent deliveries made to the disqualified QBCF will **not** be eligible for matching payment.

**77 Handling QBCF Ownership, Operational Changes****A Notifications From QBCF**

QBCF must immediately notify SED, in writing, of any changes in operations that could impact the nature of its operation. Failure to immediately notify FSA of the change may result in suspension or termination of the QBCF Agreement. For example, typical changes include:

- biomass type needs change and new types were not listed in the QBCF Agreement forms
- location changes
- name changes
- operation/management changes
- ownership changes
- biomass usage changes or other operational changes that may affect input or output capacity.

**77 Handling QBCF Ownership, Operational Changes (Continued)**

**B Notifications From County Office**

The County Office must notify all EMO's, in writing, who have applied for matching payments, of any ownership or operational changes in QBCF's for whom they have applied for matching payment. Copies of new or amended sales contracts, etc. may be needed by EMO's for some QBCF changes.

**78-119 (Reserved)**



## Section 2 Eligible Material

### 120 Overview and Eligible Material List

#### A Overview

Matching payments may be available for eligible materials. Not all renewable biomass is eligible material for BCAP and not all eligible material will qualify for matching payments.

#### B Eligible Material List

To be determined to qualify for a matching payment, COC must determine that the biomass for which a matching payment is being sought meets **all** of the following requirements:

- meets the definition of eligible material, according to Exhibit 2
- is consistent with the guidance provided in the eligible material list on FSA's BCAP web site
- meets the requirements of this paragraph.

**Note:** The eligible material list is subject to periodic updates and may be found at [www.fsa.usda.gov/BCAP](http://www.fsa.usda.gov/BCAP).

### 121 Eligible Material Provisions

#### A Qualifying Material Collection and Harvesting Requirements

To be determined to qualify for a matching payment by COC, the eligible material **must** also be collected or harvested:

- by EMO directly from any of the following:
  - FS land
  - BLM land
  - non-Federal land
  - land belonging to an Indian or Indian tribe that is held in trust by the U.S. or subject to a restriction against alienation imposed by the U.S.

**Notes:** Non-Federal land includes land owned by State and local Governmental entities in addition to privately owned land.

Material from other Federal land is **not** eligible.

**121 Eligible Material Provisions (Continued)****A Qualifying Material Collection and Harvesting Requirements (Continued)**

- by EMO, consistent with a conservation, forest stewardship, or equivalent plan
- in a manner that does **not** introduce or spread invasive species

**Note:** Executive Order 13112 provides, among other things, that Federal Agencies not authorize, fund, or carry out actions that it believes are likely to cause or promote the introduction or spread of invasive species in the U.S. or elsewhere.

- **on or after** the date of the publication of the BCAP final rule, October 27, 2010.

**B Additional Eligible Material Qualifications for Woody Material**

To be determined to qualify for a matching payment by COC, woody material that is collected or harvested from land other than project area contract acreage is subject to additional requirements.

**Note:** Matching payments are not authorized for woody biomass at this time; however, directives are forthcoming.

**C Other Eligible Material Qualifications**

To qualify for a matching payment by COC, all material **must** be handled in a manner so that it can be directly associated with CLU from which it was obtained. Additionally, all material must **not**:

- be material collected or harvested **outside** contract acreage that must be separated from material used for a higher-value product after delivery to BCF
- change ownership before delivery to QBCF.

**121 Eligible Material Provisions (Continued)****D Other Land Requirements for Eligible Material**

When eligible material is collected and harvested from:

- CRP contract acreage, it **must** be harvested or collected under CRP's managed haying and grazing requirements according to 2-CRP, Part 13
- land enrolled under other Federal program, it **must** be harvested or collected according to provisions allowed by those programs
- other State, local Government, and Native American land, it **must** be harvested and collected according to all applicable Federal, State, and local laws and regulations.

**122 Nonqualifying Eligible Materials****A Nonqualifying Regardless of Eligibility Provisions**

Any of the following does **not** qualify for a matching payment:

- intermediate ingredients and feedstocks, including any material generated by any type of factory or processing facility, including:
  - intermediate QBCF's
  - food processing facilities
  - other facilities that use plant materials
  - a waste handling facility
  - any other industrial plants
  - other related facilities

**Note:** These materials do **not** qualify for payment because eligible material was **not** collected or harvested directly from land.

- any material harvested or collected in a manner other than consistent with the conservation, forest stewardship, or equivalent plan

## 122 Nonqualifying Eligible Materials (Continued)

### A Nonqualifying Regardless of Eligibility Provisions (Continued)

- any material, harvested outside of contract acreage, delivered to QBCF in a load where some part of that load will be used for a higher-value product

**Note:** See Exhibit 2 for a definition of higher value product.

**Exception:** *De minimis* amounts of normally occurring foreign material, including minimal amounts of Title I commodities listed under 8-LP, paragraph 225 or 7-CN, or related matter in a load resulting from normal industry biomass harvesting and collection practices, may qualify for matching payment.

- any material that will **not** or was **not** used at QBCF to produce heat, power, advanced biofuels, or bio-based products

**Note:** See subparagraph 71 B for waivers of the requirement that BCF must convert eligible material.

- any material harvested or collected from a field (CLU), or from any designated parts of field (CLU), or fields, for which COC determines does **not** meet all eligible material requirements according to paragraph 121

**Examples:** On a 100-acre CLU with a mixed stand of pines and hardwoods, a forester has determined that a portion of the pine trees must be removed to contain an outbreak of pine-bark beetles. Those pine trees that must be removed to address the infestation meet the matching payment qualification that they be harvested for the purpose of controlling an insect infestation. The other pine trees and the hardwoods on that CLU, which do **not** have to be harvested to address the infestation, do **not** meet that qualification.

- any material harvested or collected from land not located within the U.S.
- any material for which a matching payment has already been requested.

## 123 EMO's

**A EMO Requirements**

To be considered EMO, a person or legal entity **must** be a producer of an eligible crop that is produced on land enrolled under a BCAP contract or have the legal right to harvest or collect eligible material.

A person or legal entity with the right to harvest or collect eligible material must also assume the risk of loss for the eligible material to be eligible for matching payments.

When land ownership has **not** been established at the time BCAP-10 is submitted to the County Office, use 3-CM to determine land ownership before approving BCAP-10.

A nonlandowner must provide, to the County Office, a copy of a written permit, contract, or agreement from the landowner that authorizes the transfer of ownership of the eligible material for each CLU/field where eligible material is to be harvested or collected.

Exhibit 15 includes an example of an agreement that may be completed and submitted to the County Office as a part of BCAP-10. Other legal transfer documentation may also be used by COC or CED for this determination.

EMO's **must**:

- certify that the eligible material has been harvested consistent with a conservation, forest stewardship, or equivalent plan
- retain records for each load of eligible material documenting the location of the FSA CLU's/fields from which the biomass was harvested and collected
- harvest or collect eligible material directly from land
- be in compliance with HEL and WC provisions of 6-CP
- apply for a matching payment at the County Office on BCAP-10

**Note:** Multiple payment requests using BCAP-11 may be submitted for a single approved BCAP-10 when incremental payments are requested for incremental deliveries of loads associated with 1 approval.

## 123 EMO's (Continued)

## A EMO Requirements (Continued)

- submit accurate and complete information when submitting BCAP-11 requesting payment
- be determined to be within the 2-year maximum payment duration limit
- **not** be a Federal Agency, Federal Department, or any other Federal entity.

**Exception:** A payment may be issued to BIA on behalf of tribes according to 1-CM.

## B EMO Eligibility for Matching Payments

To be eligible for matching payments as EMO, a person or legal entity:

- can be a State, tribal, county, or other local governmental entity, or foreign owner, provided all other eligibility criteria are met
- can be QBCF, provided all other eligibility criteria are met
- can be a person or entity other than a land owner, provided they acquire ownership of the eligible material **before** it is harvested and collected in the field
- can be EMO and use a third party to conduct the actual collection or harvesting and/or handling and delivery of the eligible material, provided those parties do **not** own the material
- **cannot** be a depot operator, aggregator, consolidator or similar person or entity if they were not responsible for the collection or harvest of materials delivered to QBCF
- **must**, in the case where QBCF indicated on their BCAP-10 changes to ownership, request a new BCAP-10 reflecting a new binding contract with the new owner.

**Note:** Neither AGI nor controlled substance provisions apply to EMO's.

**124 2-Year Payment Duration Limit**

**A General Rule**

For any EMO, matching payments are only available for a 2-year (730 calendar days) duration beginning the date that CCC issues the first matching payment to that EMO. EMO's may deliver eligible material for the entire 2-year period, provided that BCAP-10 has been approved. The 2-year eligibility period begins the day the first payment is issued to EMO. BCAP-10's for eligible material delivered during the 2-year period **must** be approved by FSA **before** the 2-year period ends.

**Notes:** Deny any requests for matching payments from any EMO for which the 2-year period has been exceeded. Provide appeal rights according to 1-APP.

Reorganizing an entity to evade the 2-year duration may be considered a scheme and device.

The date the first payment is issued is the date the County Office submits the payment to NPS.

**B CHST Payment Provisions**

For EMO who received a CHST payment authorized under NOFA, the 2-year period must be determined by calculating the number of calendar days between the date that CCC issued the first payment and the date last payment was issued under NOFA. Subtract that amount from 730 calendar days. The result is the number of days that matching payments may be authorized for that EMO according to this notice. If a single payment was issued under NOFA, subtract a single day from the 2-year period.

**Note:** The 2-year duration must be manually controlled by County Offices.

**125-144 (Reserved)**

**Section 3 (Reserved)**

**145-165 (Reserved)**

**Section 4 (Reserved)**

**166-186 (Reserved)**

**Section 5 (Reserved)**

**187-207 (Reserved)**

**Section 6 (Reserved)**

**208-228 (Reserved)**



**Section 7 QBCF Violations****229 Violations of QBCF Application and Agreement****A Overview**

QBCF may not require EMO to pay kickbacks, value shares, administrative fees, or similar payments. Only those fair market price-based amounts per dry ton may be transacted between QBCF and EMO, regardless of traditional industry standards. The arrangement of any other payments, or nonmonetary transfers, related to the sale of biomass is considered a scheme under BCAP and is prohibited.

**Note:** This pertains to all eligible material purchases by EMO regardless of whether matching payment will be sought the owner.

**B Unauthorized Actions**

Examples of actions that may defeat BCAP's purpose include, but are not limited to the following:

- requiring EMO to receive BCAP matching payment to pay any type of fee associated with participation in BCAP, such as an "administrative fee"
- requiring EMO's to return any portion of their matching payments to BCF for any reason, also known as "kick-backs" or "value-shares"
- colluding with EMO's to purchase material for prices above or below the fair market price, whether the real prices are fully documented or not
- colluding with EMO's to purchase ineligible material
- requiring EMO's to assign matching payments to wholly or partially owned subsidiaries of QBCF, such as subsidiaries that harvest or transport material
- requiring or allowing EMO's to do anything for QBCF other than deliver EMO according to the sales agreement or LOI.

**229 Violations of QBCF Application and Agreement (Continued)**

**C Penalty for Violations**

QBCF's found to be engaging in BCAP violations will have their qualification revoked and will be subject to other penalties, as provided for in Agreement, Part VII, Section I.

**D Audits by OIG**

If requested by OIG, QBCF's will be required to supply information necessary to ensure proper compliance with BCAP policy and procedure.

**E Reporting Violations**

County Offices shall inform the State Office of any BCF's believed to be engaging in BCAP violations. SED shall inform the BCAP Program Manager of any BCF's believed to be engaging in BCAP violations.

**230-245 (Reserved)**

**Part 4 Establishment and Annual Rental Payments Under Project Areas**

**246 Project Areas**

**A Overview**

Project areas are a Federal, private biomass industry, and producer partnership to support development of an economically- and environmentally-sustainable biomass industry to produce heat, power, and biobased products or biofuels through the development of biomass feedstock.

Approval of project areas will be based on the establishment and expansion of new or developing biomass feedstocks and conversion processes.

On a voluntary basis, project proposals are submitted by project sponsors to propose the designation of a defined geographic area to become a project area.

Upon designation of a project area, certain producers within the project area are then eligible to enroll contract acreage to receive:

- up to 5 years of annual rental payment for herbaceous annual and perennial crop production
- up to 15 years of annual rental payment for woody perennial crop production
- up to 75 percent reimbursement for the establishment costs of woody and nonwoody perennial crops.

## 247 Submission Overview

### A Proposals

Project proposal submission begins when a project sponsor submits a project proposal to the State Office for review and recommendation to the BCAP Program Manager.

Project proposals are accepted on a continuous basis.

### B Limitations

Because a project will be limited to a designated geographic area, only eligible land within a project area will be eligible to be enrolled under a BCAP contract for annual and/or establishment payments.

## 248 Project Sponsor

### A Project Sponsor Qualifications

A project must be proposed by a project sponsor, which **must** be either:

- a group of producers
- BCF.

**Note:** See Exhibit 2 for the definition of BCF.

## 249 Federal Incentives

### A Assistance Available for Contract Acreage in Project Areas

After a project has been approved, eligible participants in the program may be eligible to receive **any** of the following:

- technical assistance to establish and maintain desired biomass feedstock crops

**Note:** A conservation, forest stewardship, or equivalent plan would cover the acres enrolled in BCAP, including required management and harvest measures that provide for the removal of an eligible crop.

## 249 Federal Incentives (Continued)

## A Assistance Available for Contract Acreage in Project Areas (Continued)

- annual rental payments for up to either:
  - 5 years for annual and perennial crops
  - 15 years for woody biomass

**Note:** Annual payments include a payment based on all or a percentage of:

- a weighted average soil rental rate for cropland
  - the applicable marginal pastureland rental rate for all other land except for NIPF
  - for forest land, the average county rental rate for cropland as adjusted for forest land productivity for NIPF
  - any incentive payment as determined by CCC, as applicable.
- establishment assistance of up to 75 percent of the eligible establishment costs for perennial crops on acres enrolled in BCAP

**Note:** If the crop fails and the producer is not at fault, assistance to re-establish eligible crops may be available.

**Example:** Jane Producer establishes switchgrass, which later failed because of a drought. Generally, cost-share assistance will be available to re-establish the crop.

- matching payments for qualifying eligible material delivered to QBCF.

**Notes:** The matching payments are limited by statute to no more than 2 years.

The annual payment will be reduced when a matching payment has been earned.

**250 Project Proposal Submission****A Required Proposal Elements**

A project sponsor must submit a complete proposal to the State Office which includes **all** of the following:

- a project proposal (Exhibit 20)
- completed BCAP-1
- completed BCAP-20
- completed BCAP-21
- completed BCAP-22
- letter of commitment from BCF stating the facility will use, for BCAP purposes, eligible crops intended to be produced in the proposed project area.

**B Required Proposal Attachments**

Proposals must contain **both** of the following attachments:

- other information that provides CCC a reasonable assurance that BCF will be in operation by the time the eligible crops are ready for harvest
- a shapefile with specific geographic boundaries physically located within the U.S., described in definite terms; such as watershed boundaries, mapped longitude and latitude coordinates, major highway region or counties.

**Notes:** The shapefile will outline the geographic area eligible for enrollment.

See paragraph 254 for types of land within a project area that are eligible and ineligible to be offered for enrollment in a BCAP contract.

If BCF is **not** operational at the time the project area proposal is submitted, an attachment with evidence that BCF has sufficient equity available to operate is also required.

**250 Project Proposal Submission (Continued)****C Other Minimum Requirements for Acceptable Project Proposals**

The minimum requirements for a project proposal to be considered acceptable include **all** of the following:

- the volume of the eligible crops proposed to be produced in the proposed project area and the probability that such crops will be used for BCAP purposes
- the volume of renewable biomass projected to be available from sources other than the eligible crops grown on contract acres
- the anticipated economic impact in the proposed project area
- the opportunity for producers and local investors to participate in the ownership of BCF in the proposed project area
- the participation rate by beginning or socially disadvantaged farmers or ranchers
- the impact on soil, water, and related resources
- the variety of biomass production approaches within a project area; including, agronomic conditions, harvest and postharvest practices, and monoculture and polyculture crop mixes
- the range of eligible crops among project areas.

## 251 Project Proposal Review and Action

### A State BCAP Review Team

SED or designee shall chair the State BCAP Review Team, which is composed of:

- State Environmental Coordinator
- an invited representation from the following:
  - RD
  - NRCS
  - State Forester.

After submission, the State BCAP Review Team will review each proposal and make recommendations in writing to SED to:

- approve the proposal, subject to National Office review
- reject the proposal if the requirements of paragraph 250 are not met.

**Note:** If a proposal is rejected, provide an explanation of decision on missing or unacceptable items and provide an opportunity to resubmit.

### B Purpose of State-Level BCAP Review for Environmental

The ultimate goal is to ensure that a proposed site-specific BCAP project area and its associated methods or activities will not produce any long-term negative environmental impacts consistent with those identified, in the 2010 Final BCAP PEIS. If long-term negative environmental impacts are identified then appropriate approved mitigation should be proposed that is consistent with definitive NRCS Conservation Practice Standards while still meeting the overall goals of BCAP.

### C Roles and Responsibilities of State-Level BCAP Review for Environmental

The Project Sponsors, before proposal submission, will obtain sufficient information necessary to support the information provided on the BCAP environmental screening worksheet (BCAP-22), which will assist the State-level BCAP Review Team in examining and understanding the natural resource conditions and potential impacts related to the proposed project area.

The Project Sponsors may forgo this step if they anticipate potential environmental impacts associated with the proposal and complete a site-specific PEA. If this is the case, the Project Sponsors should contact SEC to start this process.

**251 Project Proposal Review and Action (Continued)****C Roles and Responsibilities of State-Level BCAP Review for Environmental (Continued)**

The State-level BCAP Review Team responsibilities are as follows.

- The State-level BCAP Review Team will review
  - the environmental screening worksheet
  - all submitted supporting information
  - pertinent local, State, or regional program/legal requirements that could have an impact on current or future activities resulting from the project area.
- The State-level BCAP Review Team will determine and recommend, based on the review, any of the following:
  - approval of the project area is consistent with the final BCAP PEIS and ROD and that no further NEPA is required
  - the data included in the project proposal are inconclusive about potential impacts associated with the project area and that a site-specific PEA that would tier to the final BCAP PEIS should be prepared at the expense of the sponsor
  - the data included in the project proposal indicate potential environmental impacts beyond what was covered in the final BCAP PEIS and ROD, and that a site-specific PEA that would tier to the final BCAP PEIS should be prepared at the expense of the sponsor.

NRCS and FS, as a member of the State-level BCAP Review Team, responsibilities are as follows.

- Determine whether the energy crops based are compatible with local ecosystems to help minimize potential disturbances to native wildlife and vegetation by providing habitats comparable to those found in natural habitats.
- Ensure that HEL and WC requirements are adhered to.
- Identify if threatened and endangered species or critical habitats are present and recommend if consultation under Section 7 of the Endangered Species Act is indicated.
- Determine whether tribal and/or historic properties and/or cultural resources are going to be impacted.

**251 Project Proposal Review and Action (Continued)****C Roles and Responsibilities of State-Level BCAP Review for Environmental (Continued)**

As a member of the State-level BCAP Review Team, FSA State Environmental Coordinator responsibilities include **all** of the following:

- if the proposal is considered an “undertaking,” consistent with National Historic Preservation Act, consult with the State Historic Preservation Officer and/or the Tribal Historical Preservation Officer, if applicable
- if indicated, consult with FWS under Section 7 of the Endangered Species Act informally or formally as appropriate
- ensure adherence to Executive Order 11988 on floodplains, and consult with FEMA if indicated
- identify presence or proximity of wetlands to proposed action for compliance with Section 404 of the Clean Water Act, and consult with the U.S. Army Corps of Engineers as appropriate
- ensure that the requirements in 1-EQ are followed and documented accordingly during the NEPA process.

252 Project Proposal Review Step-by-Step Process

A Project Proposal Review

The following table provides the work flow process for reviewing project proposals.

Step	Action
1	<p>State Offices must:</p> <ul style="list-style-type: none"> <li>• publicize project opportunities</li> <li>• provide outreach by making available material to potential project sponsors, County Offices, and other partners.</li> </ul> <p><b>Note:</b> See subparagraph 30 B.</p>
2	<p>Project sponsor shall:</p> <ul style="list-style-type: none"> <li>• access the BCAP web site located at <a href="http://www.fsa.usda.gov/BCAP">www.fsa.usda.gov/BCAP</a> for program information</li> <li>• prepare and submit all required project proposals and documents, as specified in paragraph 250, to the State Office BCAP Program Specialist for review.</li> </ul> <p><b>Notes:</b> Proposal submissions:</p> <ul style="list-style-type: none"> <li>• must include all information required by paragraph 250</li> <li>• are to be sent to the State Office for review by the State Office and State BCAP Review Team and, if appropriate, recommended to the National Office.</li> </ul> <p>Incomplete proposals will be returned to the project sponsor.</p>

252 Project Proposal Review Step-by-Step Process (Continued)

A Project Proposal Review (Continued)

Step	Action
3	<p>The State Office must:</p> <ul style="list-style-type: none"> <li>• as soon as possible, review project proposals for accuracy and completeness according to the submission requirements in this paragraph</li> <li>• through the BCAP Review Team, review BCAP-22 and make initial determination about appropriate level of NEPA review according to 1-EQ</li> </ul> <p><b>Note:</b> Project sponsors are responsible for ensuring completion of appropriate NEPA requirements.</p> <ul style="list-style-type: none"> <li>• convene the State BCAP Review Team to review project proposals according to the requirements of subparagraph 251 A and submit 1 of the following recommendations to SED:               <ul style="list-style-type: none"> <li>• reject proposal because of noted deficiencies, including a detailed explanation of questioned items and an opportunity to submit additional information</li> </ul> <p><b>Note:</b> Questioned items apply when information submitted is insufficient to meet the standards required by step 2.</p> <ul style="list-style-type: none"> <li>• reject proposal based on project eligibility criteria</li> <li>• accept proposal conditionally subject to National level review.</li> </ul> </li> </ul>

252 Project Proposal Review Step-by-Step Process (Continued)

A Project Proposal Review (Continued)

Step	Action
4	<p>SED shall review the State BCAP Review Team recommendation and determine 1 of the following:</p> <ul style="list-style-type: none"> <li>• proposal rejected because of noted deficiencies including a detailed explanation of questioned items and an opportunity to submit additional information</li> </ul> <p><b>Note:</b> Questioned items apply when information submitted is insufficient to meet the standards required by step 2.</p> <ul style="list-style-type: none"> <li>• proposal rejected based on project eligibility criteria</li> <li>• proposal approved subject to National Office review.</li> </ul> <p><b>Notes:</b> SED must notify the project sponsor in writing of rejected proposals with questioned items.</p> <p>The BCAP Program Manager will return incomplete/questionable proposals to State Offices for further clarification or correction and an opportunity to submit additional information.</p>
5	<p>For approved proposals, the BCAP Program Manager will:</p> <ul style="list-style-type: none"> <li>• review for completeness</li> <li>• consult with Federal partners as appropriate</li> <li>• inform State Office of facility ID number assigned to approved proposals that satisfactorily meet project area standards.</li> </ul>

B Additional Steps After Facility ID Assigned

Additional guidance will be provided about the steps that apply after CEPD assigns a facility ID number.

**Note:** A project proposal will not be approved if the project is determined primarily to circumvent the limitations on BCAP matching payments outside the project areas.

**253 Project Eligible Producers****A Overview**

Eligibility to enroll land under a BCAP contract is limited to the geographic area established by each approved project.

**Note:** Additional guidance and forms will be provided in a future directive to implement this paragraph.

For approved project proposals, an eligible producer must meet all of the following criteria to enter into a BCAP contract:

- be an owner or operator of agricultural or NIPF as defined in Exhibit 2
- comply with 6-CP requirements for HEL and WC
- make available to FSA, or to an institution of higher education or other entity as designated by FSA, such information that FSA considers to be appropriate to promote the production of eligible crops and the development of biomass conversion technology
- grow eligible crops on the enrolled acreage and generally agree to harvest, collect, and deliver those eligible crops to BCF
- adhere to the provisions of the approved BCAP project proposal applicable for the land offered for enrollment.

**Note:** A Federal-owned and State-owned BCF that is a project sponsor is not eligible for BCAP acreage enrollments because Federal and State land are ineligible lands.

## 254 Project Eligible Land Overview

### A General

For BCAP contracts, eligible land is limited to project areas and must be 1 of the following:

- agricultural land
- NIPF.

**Exception:** Land determined to be native sod as of June 18, 2008, is ineligible.

### B Eligible Agricultural Land

Eligible agricultural land is any of the following:

- cropland
- grassland
- pastureland
- hayland
- other lands on which food, fiber, or other agricultural products are produced or capable of being produced.

**Note:** See exception in subparagraph A.

### C Eligible Forestry Land

Planting trees on cropland will not cause the land to be reclassified during the BCAP contract period.

**Note:** See 1-CM for reclassifying cropland planted to trees.

Privately-owned tree farms and land owned by private forest landowners' cooperatives are eligible land, provided all other requirements are met.

254 Project Eligible Land Overview (Continued)

C Eligible Forestry Land (Continued)

The following summarizes NIPF eligibility.

IF NIPF...	THEN...
has existing tree cover at the time an offer is submitted	new forestry practices designed to upgrade the forest stand to facilitate optimal biomass production and natural resource protection must be established to be eligible for a BCAP contract, according to FSP or equivalent plan, consistent with the approved project proposal.
does <b>not</b> have tree cover at the time an offer is submitted	both of the following must be true to be eligible for BCAP: <ul style="list-style-type: none"> <li>• suitable woody biomass or other suitable crops must be established according to the approved project area proposal and FSP</li> <li>• natural resource protection measures must be established according to FSP.</li> </ul>

D Ineligible Land

Land ineligible to be enrolled under a BCAP contract includes:

- Federal-owned or State-owned land
- land that is **any** of the following:
  - native sod as of June 18, 2008
  - enrolled in CRP
  - enrolled in WRP
  - enrolled in GRP
  - in an approved project that has met any acreage limit
  - in project areas where threatened and endangered species will be harmed by BCAP enrollment
  - unsuitable for growing an eligible crop
  - subject to restrictions such as easements or conveyances that conflict with production of eligible crops.

**254 Project Eligible Land Overview (Continued)****E Land Enrolled in Other USDA Programs**

Land enrolled in other USDA programs may be eligible for BCAP provided the land would not earn benefits for the same purpose under other USDA programs and the practice measures do not conflict with BCAP.

**255 Project Eligible Crops Overview****A Eligible Crop Provisions**

Both of the following provisions apply to eligible crops:

- eligible crops are crops of renewable biomass suitable for planting on agricultural or NIPF
- only those crops listed in an approved BCAP project are eligible crops for that project area.

**B Ineligible Crops**

The following crops are ineligible:

- any crop eligible to receive payments under Title I of the Food, Conservation, and Energy Act of 2008

**Note:** See 8-LP and 7-CN for Title I commodities.

- any plant that is invasive or noxious or has the potential to become invasive or noxious.

**C Other BCAP Provisions for Projects**

Within an approved project, all of the following apply:

- producers are eligible for enrollments of up to:
  - 5 years for annual or nonwoody perennial eligible crops
  - 15 years for woody perennial eligible crops
- establishment payments of up to 75 percent to establish nonwoody and woody perennial eligible crops may be available
- matching payments may be available for CHST of eligible material to QBCF.

**Note:** Additional guidance and forms will be provided in a future directive to implement this paragraph.



## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None

### Forms

This table lists all forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		30
AD-1047	Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions		71, Ex. 20
BCAP-1	Biomass Conversion Facility Overview		71, 73, 250, Ex. 20
BCAP-10	Biomass Crop assistance program (BCAP) – Matching Payment Pre-Delivery Application		30, 33, 123, 124
BCAP-11	Biomass Crop Assistance Program (BCAP) – Request for Matching Payment		30, 123
BCAP-20	Biomass Crop Assistance Program (BCAP) – Project Area Proposal Submission		250, Ex. 20
BCAP-21	Biomass Crop Assistance Program (BCAP) Project Area Proposal Estimates		250, Ex. 20
BCAP-22	Biomass Crop Assistance Program (BCAP) Project Area Environmental Screening Worksheet		250-252, Ex. 20
BCAP-23	Biomass Crop Assistance Program (BCAP) Worksheet (Establishment and Annual Payments for Producers)		30
BCAP-24	Biomass Crop Assistance Program (BCAP) Application (Establishment and Annual Payments)		30, 33
CCC-901	Members Information 2009 and Subsequent Years		30
FSA-848B	Cost-Share Performance Certification and Payment		30

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

This table lists approved abbreviations not listed in 1-CM.

Approved Abbreviation	Term	Reference
BCF	biomass conversion facility	Text, Ex. 2, 11, 20
CHST	collection, harvest, storage, and transportation	1, 124, 255, Ex. 11
EMO	eligible material owner	Text, Ex. 2
FSP	Forest Stewardship Plan	254
LOI	letter of intent	71, 229
NIPF	nonindustrial private forest land	1, 249, 253-255, Ex. 2, 20
NOFA	notice of funding availability	70, 124
PEA	Programmatic Environmental Assessment	251
PEIS	programmatic environmental impact statement	251
QBCF	qualified biomass conversion facility	Text, Ex. 2
ROI	return on investment	Ex. 20

Redelegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
SED may redelegate all responsibilities listed in paragraph 30.	30
COC may redelegate authority according to paragraph 32.	32
<b>Note:</b> Routine cases include approval of successor-in-interest cases.	

## Definitions of Terms Used in This Handbook

### Advanced Biofuel

Advanced biofuel is fuel derived from renewable biomass other than corn kernel starch, including biofuels derived from cellulose, hemicellulose, or lignin; biofuels derived from sugar and starch (other than ethanol derived from corn kernel starch); biofuel derived from waste material, including crop residue, other vegetative waste material, animal waste, food waste, and yard waste; diesel-equivalent fuel derived from renewable biomass including vegetable oil and animal fat; biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from renewable biomass; and butanol or other alcohols produced through the conversion of organic matter from renewable biomass and other fuel derived from cellulosic biomass.

### Agricultural Land

Agricultural land is cropland, grassland, pastureland, rangeland, hayland, and other land on which food, fiber, or other agricultural products are produced or capable of being produced.

### Animal Waste

Animal waste is the organic animal waste of animal operations such as confined beef or dairy, poultry, or swine operations including manure, contaminated runoff, milking house waste, dead poultry, bedding, and spilled feed. Depending on the poultry system, animal waste can also include litter, wash-flush water, and waste feed.

### Annual Payment

Annual payment is the annual payment specified in the BCAP contract for BCAP project areas that is issued to a participant for placing eligible land in BCAP.

### Beginning Farmer or Rancher

Beginning farmer or rancher is, as determined by CCC, a person or entity who:

- has not been a farm or ranch operator or owner for more than 10 years
- materially and substantially participates in the operation of the farm or ranch
- if an entity, is an entity in which at least 50 percent of the members or stockholders of the entity meet the first 2 requirements of this definition.

**Definitions of Terms Used in This Handbook (Continued)**

**Biobased Product**

Biobased product is a product determined by DAFFP to be a commercial or industrial product, other than food or feed that is either:

- composed, in whole or in significant part, of biological products, including renewable domestic agricultural materials and forestry materials
- an intermediate ingredient or feedstock.

**Bioenergy**

Bioenergy is a renewable energy produced from organic matter. Organic matter may be used directly as a fuel, be processed into liquids and gases, or be a residual of processing and conversion.

**Biofuel**

Biofuel is a fuel derived from renewable biomass.

**Biomass Conversion Facility (BCF)**

BCF is a facility that converts or proposes to convert eligible material into heat, power, biobased products, or advanced biofuels.

**Conservation Plan**

Conservation plan is a schedule and record of the participant's decisions and supporting information for treatment of a unit of land or water, and includes a schedule of operations, activities, and estimated expenditures for eligible crops and the collection or harvesting of eligible material, as appropriate, and addresses natural resource concerns including the sustainable harvesting of biomass, when appropriate, by addressing the site-specific needs of the landowner.

**Contract Acreage**

Contract acreage is eligible land that is covered by a BCAP contract between the producer and CCC.

## Definitions of Terms Used in This Handbook (Continued)

### Deputy Administrator

Deputy Administrator is DAFP, FSA, or a designee.

### Dry-Ton

Dry-ton is the amount of renewable biomass that would weigh one U.S. ton at zero percent moisture content. One U.S. ton measures 2,000 lbs.

### Eligible Crop

Eligible crop is a crop of renewable biomass excluding:

- any crop that is eligible to receive payments under Title I, “Commodity Programs,” of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) or an amendment made by that title, including, but not limited to, barley, corn, grain sorghum, oats, rice, or wheat; honey; mohair; certain oilseeds such as canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, soybeans, sesame seed, and sunflower seeds; peanuts; pulse crops such as small chickpeas, lentils, and dry peas; dairy products; sugar; wool; and cotton boll fiber
- any plant that CCC has determined to be either a noxious weed or an invasive species.

**Note:** With respect to noxious weeds and invasive species, a list of such plants will be available in the FSA County Office.

### Eligible Material

Eligible material is renewable biomass as defined in this handbook excluding:

- any crop that is eligible to receive payments under title I of the Food, Conservation, and Energy Act of 2008 or an amendment made by that title including whole grain derived from a crop of barley, corn, grain sorghum, oats, rice, or wheat; honey; mohair; certain oilseeds such as canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, soybeans, sesame seed, and sunflower seeds; peanuts, pulse crops such as small chickpeas, lentils, and dry peas; dairy products; sugar; wool; and cotton boll fiber
- animal waste and byproducts of animal waste including fats, oils, greases, and manure
- food waste and yard waste
- algae.

**Definitions of Terms Used in This Handbook (Continued)****Eligible Material Owner (EMO)**

EMO, for purposes of the matching payment, is a person or entity having the right to collect or harvest eligible material and who has delivered or intends to deliver the eligible material to a QBCF, including eligible material harvested or collected from:

- private lands, including cropland, the owner of the land, the operator or producer conducting farming operations on the land, or any other person designated by the owner of the land
- public lands, a person having the right to harvest or collect eligible material pursuant to a contract or permit with FS or other appropriate Federal agency, such as a timber sale contract, stewardship contract or agreement, service contract or permit, or related applicable Federal land permit or contract, and who has submitted a copy of the permit or contract authorizing such collection to CCC.

**Equivalent Plan**

Equivalent plan is a plan approved by a State or other State agency or Government entity that is similar to and serves the same purpose as a forest stewardship plan and has similar goals, objectives, and terms.

These plans generally address natural resource concerns including the sustainable harvesting of biomass, when appropriate, by addressing the site-specific needs of the landowner.

**Establishment Payment**

Establishment payment is the payment made by CCC to assist program participants in establishing the practices required for non-woody perennial crops and woody perennial crops, as specified in a producer contract under the project are component of BCAP.

**Food Waste**

Food waste is, as determined by CCC, a material composed primarily of food items, or originating from food items, or compounds from domestic, municipal, food service operations, or commercial sources, including food processing wastes, residues, or scraps.

## Definitions of Terms Used in This Handbook (Continued)

### Forest Stewardship Plan

Forest stewardship plan is a long-term, comprehensive, multi-resource forest management plan that is prepared by a professional resource manager and approved by the State Forester or equivalent State official. Forest stewardship plans address the following resource elements wherever present, in a manner that is compatible with landowner objectives concerning:

- soil and water
- biological diversity
- range
- aesthetic quality
- recreation
- timber
- fish and wildlife
- threatened and endangered species
- forest health
- archeological, cultural and historic sites
- wetlands
- fire
- carbon cycle.

### Higher-Value Product

Higher-value product means an existing market product that is comprised principally of an eligible material or materials and, in some distinct local regions, as determined by CCC, has an existing market as of October 27, 2010. Higher-value products may include, but are not limited to, products such as mulch, fiberboard, nursery media, lumber, or paper.

### Indian Tribe

Indian Tribe has the same meaning as in 25 U.S.C. 450b (Section 4 of the Indian Self-Determination and Education Assistance Act).

### Institute of Higher Education

Institute of higher education has the same meaning as in 20 U.S.C. 1002(a) (Section 102(a) of the Higher Education Act of 1965).

### Intermediate Ingredient or Feedstock

Intermediate ingredient or feedstock is an ingredient or compound made in whole or in significant part from biological products, including renewable agricultural material, including plant, animal, and marine material, or forestry material that is subsequently used to make a more complex compound or product.

## Definitions of Terms Used in This Handbook (Continued)

### Matching Payments

Matching payments are CCC payments provided for eligible material delivered to QBCF.

### Native Sod

Native sod is land:

- on which the plant cover is composed principally of native grasses, grasslike plants, forbs, or shrubs suitable for grazing and browsing
- that had never been tilled for the production of an annual crop as of June 18, 2008.

### Nonindustrial Private Forest Land (NIPF)

NIPF is rural lands with existing tree cover, or suitable for growing trees, where the land is owned by any private individual, group, association, corporation, Indian tribe, or other private legal entity, as defined in 16 U.S.C. 2103a (the Cooperative Forestry Assistance Act of 1978, as amended).

### Offer

An offer is, unless otherwise indicated, the per-acre rental payment requested by the owner or operator in such owner's or operator's request to participate in the establishment payment and annual payment component of BCAP.

### Operator

Operator is a person who is in general control of the land enrolled in BCAP, as determined by CCC.

### Payment Period

Payment period is a contract period of either up to 5 years for annual and nonwoody perennial crops, or up to 15 years for woody perennial crops, during which the participant receives an annual payment under the establishment payment and annual payment component of BCAP.

### Project Sponsor

Project sponsor is a group of producers or a biomass conversion facility who proposes a project area.

### Qualified Biomass Conversion Facility (QBCF)

QBCF is a biomass conversion facility that meets all the requirements for BCAP qualification, and whose facility representatives enter into a BCAP agreement with CCC.

**Definitions of Terms Used in This Handbook (Continued)****Related-Party Transaction**

Related party transaction is a transaction between 2 or more ready, willing, and able organizations, trades, or business, whether or not incorporated, whether or not organized in the U.S., and whether or not affiliated, substantially owned or controlled directly or indirectly by the same interests, as determined by DAFP.

**Renewable Biomass**

Renewable biomass is:

- materials, pre-commercial thinnings, or invasive species from National Forest System land and BLM land that:
  - 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
  - would not otherwise be used for higher-value products
  - are harvested according to applicable law and land management plans and the requirements for old-growth maintenance, restoration, and management direction of 16 U.S.C. 6512 (specifically, sections 102(e)(2), (3), and (4) of the Healthy Forests Restoration Act of 2003 and large-tree retention provisions of subsection (f))
- 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 U.S. or subject to a restriction against alienation imposed by the U.S., including:
  - renewable plant material, including:
    - feed grains
    - other agricultural commodities
    - other plants and trees
    - algae
  - waste material, including:
    - crop residue
    - other vegetative waste material
    - animal waste and byproducts, including fats, oils, greases, and manure
    - food waste and yard waste.

## Definitions of Terms Used in This Handbook (Continued)

### Settlement Sheet

A settlement sheet is a written record of the delivery and sale of eligible material biomass.

For BCAP matching payment purposes, a settlement sheet must contain the following information:

- name of QBCF (buyer) and qualified facility ID number
- signature and date of BCF authorized representative
- name of EMO (seller)
- for every load delivered all of the following must be listed:
  - scale ticket number
  - date of actual delivery
  - actual tonnage delivered (green ton)
  - total dry weight tonnage equivalent (dry ton)
  - price per dry ton paid
  - type of eligible material biomass delivered.

### Socially Disadvantaged Farmer or Rancher

Socially disadvantaged farmer or rancher is, unless other classes of persons are approved by CCC in writing, a farmer or rancher who is a member of a group whose members have been subject to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Groups include:

- American Indians or Alaskan Natives
- Asians or Asian Americans
- Blacks or African Americans
- Native Hawaiians or other Pacific Islanders
- Hispanics.

### State

State is any State agencies or departments and any political subdivision thereof.

## Definitions of Terms Used in This Handbook (Continued)

### Technical Assistance

Technical assistance is assistance in determining the eligibility of land and practices for BCAP, implementing and certifying practices, ensuring contract performance, and providing annual rental rate surveys. The technical assistance provided in connection with BCAP to owners or operators, as approved by CCC, includes, but is not limited to technical expertise, information, and tools necessary for the conservation of natural resources on land; technical services provided directly to farmers, ranchers, and other eligible entities, such as conservation planning, technical consultation, and assistance with design and implementation of eligible practices; and technical infrastructure, including activities, processes, tools, and functions needed to support delivery of technical services, such as technical standards, resource inventories, training, data, technology, monitoring, and effects analyses.

### Tribal Government

Tribal government means any Indian tribe, band, nation, or other organized group, or community, including pueblos, rancherias, colonies and any Alaska Native Village, or regional or village corporation as defined in or established according to 43 U.S.C. 1601-1629h (the Alaska Native Claims Settlement Act), that is recognized as eligible for the special programs and services provided by the U.S. to Indians because of their status as Indians.

### Violation

Violation is an act by the participant, either intentional or unintentional, that would cause the participant to no longer be eligible to receive or retain all or a portion of BCAP payments.

### Yard Waste

Yard waste is any renewable biomass generated from municipal or residential land, such as urban forestry materials, construction or demolition materials, trimmings from grasses and trees, or biomass removed because of invasive species or weather-related disaster, that may be separated from and has low potential (such as contamination with plastics, metals, chemicals, or other toxic compounds that cannot be removed) for the generation of toxic byproducts resulting from conversion, and that otherwise cannot be recycled for other purposes (such as post-consumer waste paper).



**BCAP Filing Codes**

Listed below are the subject file codes for BCAP files.

Disposition: Except as noted, destroy all files under this subject when they are 5 years old.

Color Code: The color code for this subject is yellow.

<p><b>Biomass Crop Assistance Program Files.</b> This subject covers assistance to producers to:</p> <ul style="list-style-type: none"> <li>• support the establishment and production of eligible crops for conversion to bioenergy in selected project areas and</li> <li>• assist agricultural and forest land owners and operators with collection, harvest, storage, and transportation of eligible material to a biomass conversion facility.</li> </ul>			
Subject		Type of Material To Be Filed	Retention
BCAP	Biomass Crop Assistance Program	General material about BCAP too broad to be filed under 1 of the more specific subjects in this exhibit.	Destroy these files when 5 years old.
BCAP 1	Program Development	Correspondence about the development of the program, including objectives, funding allocations, cost-share limitations, and approved practices.	
BCAP 2	Reports and Statistics	Reports included under this subject that cannot be filed under 1 of the more specific subjects in this exhibit. File voluminous printouts in binders on open shelves.	
BCAP 3	Interagency Cooperation	Correspondence about cooperation between the County Office and other Federal and State agencies. This includes memorandums of understanding.	
BCAP 4	Qualified Biomass Conversion Facilities	Individual folders containing all information regarding qualified biomass conversion facilities.	Destroy these files 5 years after the expiration of the biomass conversion facility is no longer qualified.
BCAP 5	Project Areas	Individual folders about project area proposals, approvals, geographic delineation, and other information.	Destroy these files 5 years after the expiration of the project area.

BCAP Filing Codes (Continued)

	<b>Subject</b>	<b>Type of Material To Be Filed</b>	<b>Retention</b>
BCAP 6	Participant Folders	<p>Individual folders containing all correspondence about the producer's participation in BCAP including:</p> <ul style="list-style-type: none"> <li>• matching payments</li> <li>• establishment and annual payments.</li> </ul> <p><b>Note:</b> Maintain original copy of forms in the custody files. Maintain AD-1026's with the current farm record.</p> <p>This includes folders for disapproved or canceled contracts.</p>	<p>Destroy these files the later of 5 years after the matching paying was paid or 5 years after the expiration of the contract.</p>
BCAP 7	Spot Checks	Spot checks, responses, and reports.	<p>Destroy these files when 5 years old.</p>
BCAP 8	Appeals	Appeals by individual producers of the administrative criteria used in developing technical determinations.	





**Example of Landowner Agreement for Biomass Harvesting and Collection**

**Landowner Agreement for Biomass Harvesting and Collection  
BCAP Matching Payments**

Current Date \_\_\_\_\_,

The undersigned agrees that:

(Name of Biomass Harvester/Collector)

\_\_\_\_\_,

Located at:

(Address of Biomass Harvester)

\_\_\_\_\_,

Has a my permission as a landowner of the land described at:

(Location of Land for Biomass Harvesting)

\_\_\_\_\_,

To harvest and collect biomass, and retain ownership of such biomass from this land for their own purposes.

This agreement expires:

Date \_\_\_\_\_

Landowner Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## **Complete Project Proposal Outline**

The following is an outline of a complete project proposal.

### **A Format**

Project proposals shall be prepared according to the following:

- separate required information into sections as described
- be brief and put information in bulleted lists, tables, or short narratives
- avoid excessive narrative
- submit an electronic copy in MS Word or .pdf to the applicable FSA State Office where the majority of the project area is located.

### **B Cover Sheet**

On the cover sheet, enter the following:

- proposed project area name
- State(s)
- counties where the project is to be located
- list the following required forms and attachments:
  - BCAP-1
  - AD-1047
  - BCAP-20
  - BCAP-21
  - BCAP-22
  - feasibility study(ies) for BCF's
  - letter(s) of commitment from BCF's.

### **C Section 1 – Abstract**

Provide a brief abstract of the project, **not** to exceed 1 page, which includes the following:

- description of the project purpose and area
- summary of existing conditions and crops and eligible land
- brief description of the project
- BCAP practices proposed
- estimated number of acres to be contracted under the BCAP project
- estimated cost of the project.

**Complete Project Proposal Outline (Continued)**

**D Section 2 - Existing Conditions**

Provide a discussion of existing conditions that includes all of the following:

- why the project area is of State or national significance based on the criteria in this paragraph
- a detailed map outlining the geographic area of the proposal in an electronic shapefile format
- a description of:
  - the various biomass activities and land uses within the project boundary, such as cropland, range land, forest, urban, etc., including a summary of all land uses within the watershed/project area
  - farm and forest land demographics within the project boundary watershed, including number of farms, types of farms, number of NIPF landowners, average size of farm by type, etc.
- a detailed description of relevant:
  - environmental factors, including the following:
    - precipitation
    - soil
    - important geological features
    - vegetation patterns
    - wildlife
    - water resources
    - air quality
    - Federally-listed endangered and threatened species
  - economic factors, including the following:
    - Federal or State assistance or tax benefits being provided to the project area present and future
    - historical account of biomass commodity in project area over last 10 to 20 years
    - number of existing biomass producers
    - competitive supply chain or existing market.

**Complete Project Proposal Outline (Continued)**

**E Section 3 – Agriculture and Forestry Related Impacts**

This analysis **must** include the following:

- magnitude of agriculture-related and forestry-related environmental impacts
- expected socio-economic impacts and description of potential supply chain impact
- past and projected future trends in agricultural and forestry impacts
- nature of any health-related agricultural or forestry impacts
- past, ongoing, and projected future efforts to address agricultural and forestry impacts through State and Federal programs, including the number of acres in the project area currently under CRP, EQIP, GRP, WRP, and the Forest Legacy Program.

**F Section 4 - Project Objectives**

BCAP project proposals shall include specific and measurable project objective.

**Example:** Implementation of the project will increase the project area per acre yield by 4,000 tons per year resulting in additional biomass feedstock supply values at of \$2 million per year and resulting in the addition of 70 mm BTU's.

Documentation on the derivation of these objectives **must** also be included.

## **Complete Project Proposal Outline (Continued)**

### **G Section 5 - Project Description**

The project description **must** address each of the following:

- number of acres targeted by proposed to be contracted in the proposed project area
- length of time for project implementation
- an analysis of the likelihood that project objectives will be met
- description of the committed BCF's, in addition to BCAP-1 and the feasibility study described in subparagraph K:
  - simple pay back calculation for ROI could be calculated as such:  $ROI = (\text{gain from investment} - \text{cost of investment}) / \text{cost of investment}$
  - basic information on facility operations over time (hours/day, days/year)
  - information on:
    - existing electric service to the facility, data on consumption, peak and average demand, and monthly/seasonal use patterns
    - existing heating and cooling equipment, including type, capacities, efficiencies, and emissions
    - other project area-specific issues, such as expansion plans or neighborhood considerations that might impact the proposed new system design or operation; or environmental impacts
    - the availability of infrastructure and rail and road service to the facility site
  - a flowchart of BCF's proposed interaction with the project area feedstock supply.

## **Complete Project Proposal Outline (Continued)**

### **H Section 6 - Cost Analysis**

Project proposals **must** include a thorough discussion of project costs that addresses the following:

- total estimated project costs, including, annual payments, establishment payments, matching payments, BCF infrastructure investments, and community infrastructure investments
- itemization of costs to be funded from non-Federal revenues, including a discussion of the status of these funds, including local and State Government revenues
- thorough justification for any incentive payments that producers might receive in addition to their weighted average SSR's.

### **I Section 7 - Monitoring Project Area**

Project proposals **must** include a proposed monitoring and evaluation plan that can be used to measure the success of the project. The proposed monitoring plan for the project area is to include the following:

- a description of the data to be collected and methods to be used to carry out the monitoring plan
- delineation of responsibilities for carrying out the monitoring plan
- provision of annual reports to describe monitoring results
- provision for project modification if objectives are not being met.

### **J Section 8 - Public Outreach and Support**

Project proposals **must** provide a discussion of the nature of public support, especially from producers. This **must** include a program for public outreach over the duration of the project.

## **Complete Project Proposal Outline (Continued)**

### **K Section 9 - Feasibility Study(ies)**

The project sponsor **must** include a feasibility study on behalf of BCF(s) that submitted a commitment letter.

The biomass conversion feasibility study must be conducted by an independent qualified consultant, which has no financial interest in the biomass conversion facility, and demonstrates that the renewable biomass system of the biomass conversion facility is feasible, taking into account the economic, technical, and environmental aspects of the system.

The feasibility study **must** include the following specified components:

- an executive summary, including resume of the consultant, and an introduction/project overview (brief general overview of project location, size, etc.)
- an economic feasibility determination, including information:
  - about the project site
  - on the availability of trained or trainable labor
  - on the availability of infrastructure and transportation to the site
- a technical feasibility determination, including a report that:
  - is based upon verifiable data and contains sufficient information and analysis so that a determination may be made on the technical feasibility of achieving the levels of energy production that are projected in the statements
  - identifies and estimates project operation and development costs and specifies the level of accuracy of these estimates and the assumptions on which these estimates have been based
- a financial feasibility determination that discusses the following:
  - the reliability of the financial projections and assumptions on which the project is based including all sources of project capital, both private and public, including Federal funds
  - projected balance sheets and costs associated with project operations
  - cash flow projections for 3 years
  - the adequacy of raw materials and supplies

**Complete Project Proposal Outline (Continued)**

**K Section 9 - Feasibility Study(ies) (Continued)**

- a sensitivity analysis, including feedstock and energy costs, product/coproduct prices
- risks related to the project
- the continuity, maintenance, and availability of records
- a management feasibility determination
- recommendations for implementation
- the environmental concerns and issues of the system
- the availability of feedstock, including discussions of:
  - feedstock source management
  - estimates of feedstock volumes and costs
  - collection, pre-treatment, transportation, and storage
  - impacts on existing manufacturing plants or other facilities that use similar feedstock
- the feasibility/plans of projects to work with producer associations or cooperatives including estimated amount of annual feedstock from those entities
- documentation that any and all woody biomass feedstock cannot be used as a higher value wood-based product.

