

Biomass Crop Assistance Program (BCAP)

Overview

BCAP, created in the 2008 Farm Bill, is a primary component of the domestic agriculture, energy, and environmental strategy to reduce U.S. reliance on foreign oil, improve domestic energy security, reduce carbon pollution, and spur rural economic development and job creation. BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest biomass for heat, power, bio-based products and biofuels.

BCAP addresses a classic chicken-or-egg challenge around the start up of commercial scale bioenergy activities. If commercial-scale biomass facilities are to have sufficient feedstocks, then a large-scale energy crop must exist. Conversely, if profitable crop production is to occur, then viable consumers must exist to purchase the crop.

The federal Renewable Fuels Standard (RFS) requires 21 billion gallons of non-corn-starch biofuels in the national fuel supply by 2022 and new types of biomass feedstocks must be available to meet this requirement. Many bioenergy crops need several years to become established. Many bioenergy facilities need several years to reach commercial scale. BCAP serves as catalyst to unite these dynamics by reducing the financial risk for landowners who decide to grow unconventional crops for these new markets.

- With BCAP, crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area.
- If selected, crop producers will be eligible for reimbursements of up to 75 percent of the cost

of establishing a bioenergy perennial crop. Producers can receive up to five years of annual payments for herbaceous (non-woody) crops (annual or perennial), and up to 15 years of annual payments for woody crops (annual or perennial).

- Assistance for the collection, harvest, storage and transportation of crops to facilities will be available for two years, per producer, in the form of a matching payment for up to \$45 per ton of the delivery cost.

Highlights

• Expenditures

Refinements to the final BCAP regulations have targeted program expenses to a more limited set of materials than were eligible for payment under the Notice of Funding Availability (NOFA).

• **Blue, white and green-collar job creation in rural America:**

The Record of Decision on the BCAP Environmental Impact Statement estimates that by 2023, up to \$88.5 billion in economic activity and 700,000 jobs could be created.

• New energy crops

BCAP reduces the financial risk for producers who volunteer to grow crops at an unexplored scale. Potentially eligible crops include switchgrass, miscanthus giganteus, fast-growing woody poplar, jatropha, algae, energy cane, camelina or pongamia.

• **Enhanced stewardship and conservation measures**

1. Biomass must be collected

and harvested according to an approved conservation, forest stewardship, or similar plan to protect soil and water quality and preserve land productivity into the future.

2. Native sod cannot be converted under BCAP contracts.
3. Crop collection, harvesting and transportation must be in strict accordance with invasive plant species protections.

• **Protects existing woody markets**

Biomass may not qualify for incentives if FSA determines that the biomass would be diverted from pre-existing markets.

• **Provides feedstock neutrality**

Maintains the 2008 Farm Bill definition of renewable biomass by supporting the use of both woody and herbaceous materials for energy purposes. The production of heat, power, biofuels, and bio-based products all remain supported by BCAP, as required by statute.

• **Kick-starts liquid cellulosic biofuels to meet RFS targets**

Provides incentives for the harvest of biomass for conversion to cellulosic biofuels that achieve 60 percent lower lifecycle greenhouse gas emissions.

• **Matching payments for eligible materials.**

1. Subject to the availability of funding, provides for matching payments to eligible material owners at a rate of \$1 for each \$1 per dry ton paid by a qualified biomass conversion facility, in an amount up to \$45 per dry ton. An eligible material owner

- may be a producer of an eligible crop or a person or entity with the legal right to collect or harvest eligible material. By law matching payments may be made to eligible material owners for a maximum of two years.
2. To qualify for matching payment, eligible materials must be collected or harvested directly from the land. Materials cannot be “collected or harvested” after transport and delivery to a conversion facility.
 3. Woody eligible material collected or harvested outside of BCAP project area contracts must be a byproduct of preventive treatments that are removed to reduce hazardous fuels, to reduce or contain disease or insect infestation, or to restore ecosystem health.
 4. Woody eligible material collected or harvested outside of BCAP project area contracts must not be separated from material for higher value products after delivery to a conversion facility.
 5. All eligible material must be harvested in accordance with an approved conservation, forest stewardship, or equivalent plan.
 6. Matching payments are only available for eligible materials sold for a fair market value. This requirement replaces the NOFA restrictions regarding related party transaction and makes matching payments available to startup and other vertically integrated operations, but prevents efforts to defeat the purpose of BCAP by inflating biomass prices to gain higher matching payments.
 7. Eligible materials do not include harvested grains, fiber or other commodities eligible to receive payments under Title I of the 2008 Farm Bill; algae; food waste or yard waste; or animal waste and animal waste by-products including fats, oils, greases and manure.

- **Establishment payments**
 1. CCC will pay producers up to 75 percent of the costs of establishing a perennial crop. Eligible costs do not include the acquisition of land or equipment. Establishment payments are not available for annual crops. Annual crops, however, are eligible for annual payments.
 2. Eligible crops cannot be crops eligible to receive payments under Title I of the 2008 Farm Bill, or any plant that is invasive.

- **Annual payments**
 1. Biomass producers in BCAP project areas can receive annual payments up to five years for herbaceous biomass (annual and perennial) and up to 15 years for woody biomass (annual and perennial).
 2. Cropland base and yield history applicable to the land enrolled in a BCAP contract will be preserved.
 3. Annual payments are reduced by a percentage of the value of the crop and any matching payments received as follows:
 - (a) 1 percent if biomass sold for cellulosic biofuels (60 percent lower greenhouse gas emissions)
 - (b) 10 percent if biomass sold for advanced biofuels
 - (c) 25 percent if biomass sold for heat, power or biobased products
 - (d) 100 percent if biomass sold for anything other than heat, power, biofuels or biobased products.

- **Eligible land**
 Eligible land for BCAP project area contracts include agricultural and non-industrial private forestland, but does not include federal or state-owned land, land that is native sod, or land enrolled in the Conservation Reserve Program, Wetlands Reserve Program, or Grassland Reserve

program.

For More Information

For more information on BCAP, please visit FSA’s BCAP website at <http://www.fsa.usda.gov/bcap>.

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