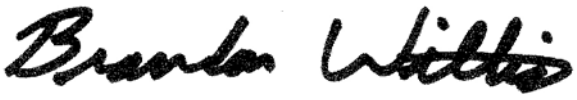
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice BCAP-19

For: State and County Offices

Project Proposal Submission and Review

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice BCAP-17 provided an overview of the final rule which became effective on October 27, 2010, and program implementation.

FY 2011 funding is limited to $432 million for project areas and matching payments.

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 their support for new or developing biomass feedstocks and conversion processes.

B Purpose

This notice provides guidance for:

- State Offices on policy and procedures for submission, review, and if appropriate, recommendation of the Biomass Crop Assistance Program (BCAP) project area proposals to the National Office

- State and County Offices on project area contracts.

Disposal Date	**Distribution**
July 1, 2011	State Offices; State Offices relay to County Offices

2 Project Proposals

A Submission Overview

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

Project proposals are accepted on a continuous basis.

Notes: 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.

See Exhibit 1 for definitions applicable to this notice.

B Outreach

State Office outreach will 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 Project Sponsor

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

- a group of producers
- a biomass conversion facility (BCF).

Notes: There are no other restrictions on who may sponsor a project area.

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

2 Project Proposals (Continued)

D Federal Incentives

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

- annual rental payments for up to either:

  - 5 years for annual and perennial crops
  - 15 years for woody biomass

  Notes: 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 nonindustrial private forest land
  - for forest land, the average county rental rate for cropland as adjusted for forest land productivity for nonindustrial private forest land
  - any incentive payment as determined by CCC, as applicable.

- establishment assistance of up to 75 percent of the eligible establishment costs for perennial crops

  Note: Assistance to re-establish eligible crops if the crop fails and the producer is not at fault 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 the collection, harvest, storage, and transportation (CHST) of eligible material to a qualified Biomass Conversion Facility (QBCF).

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

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

2 Project Proposals (Continued)

E Project Proposal Requirements

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

- a project proposal (Exhibit 2)
- 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.

Proposals must contain certain attachments, including:

- evidence that BCF has sufficient equity available to operate, if it is not operational at the time the project area proposal is submitted
- 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 United States, 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 5 for types of land within a project area that are eligible and ineligible to be offered for enrollment in a BCAP contract.

3 Proposal Submission and Review

A Project Proposal Submission

A project proposal must be submitted online by the project sponsor by accessing **www.fsa.usda.gov/energy**.

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.

B Project Proposal Review and Action

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

- approve the proposal, subject to National level review
- reject the proposal if the requirements of subparagraphs 2 E and 5 A are not met.

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

3 Proposal Submission and Review (Continued)

B Project Proposal Review and Action (Continued)

SED 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.

C Step-by-Step Process

The following provides the work flow process.

Step	Action
1	State Offices must: • publicize project opportunities • provide outreach by making available material to potential project sponsors, County Offices, and other partners. **Note:** See subparagraph 2 B.
2	Project sponsor shall accesses the BCAP web site located at **www.fsa.usda.gov/energy**, and prepare and submit all required project proposals and documents, as specified in subparagraph 2 E, to the State Office BCAP Coordinator for review. **Notes:** Proposal submissions: • must include all information required by subparagraph 2 E • 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. Incomplete proposals will be returned to the project sponsor.

3 Proposal Submission and Review (Continued)

C Step-by-Step Process (Continued)

Step	Action
3	The State Office must: • as soon as possible, review project proposals for accuracy and completeness according to the submission requirements in this paragraph • through the BCAP Review Team, review BCAP-22 and make initial determination about appropriate level of NEPA review according to 1-EQ **Note:** Project sponsors are responsible for ensuring completion of appropriate NEPA requirements. • convene State BCAP Review Team to review project proposals according to the requirements of subparagraph 3 B and submit 1 of the following recommendations to SED: • proposal was rejected because of noted deficiencies, including a detailed explanation of questioned items and an opportunity to submit additional information **Note:** Questioned items apply when information submitted is insufficient to meet the standards required by step 2. • proposal was rejected based on project eligibility criteria • proposal was conditionally accepted subject to National level review.

3 Proposal Submission and Review (Continued)

C Step-by-Step Process (Continued)

Step	Action
4	SED shall review the State BCAP Review Team recommendation and determine 1 of the following: • proposal was rejected because of noted deficiencies including a detailed explanation of questioned items and an opportunity to submit additional information **Note:** Questioned items apply when information submitted is insufficient to meet the standards required by step 2. • proposal was rejected based on project eligibility criteria • proposal was approved subject to National level review. **Notes:** SED must notify the project sponsor of rejected proposals and rejected proposals with questioned items. CEPD will return incomplete/questionable proposals to State Offices for further clarification or correction and an opportunity to submit additional information.
5	For approved proposals, CEPD will: • review for completeness • consult with Federal partners as appropriate • inform State Office of facility ID number assigned to approved proposals that satisfactorily meet the standards of this notice.

Note: Additional guidance will be provided about the steps that apply after CEPD assigns a facility ID number. A project proposal will **not** be approved if DAFP determines that the project is determined primarily to circumvent the limitations on BCAP matching payments outside the project areas.

4 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.

B Eligible Producer

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 nonindustrial private forest land (NIPF) as defined in Exhibit 1
- 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 a BCF
- adhere to the provisions of the approved BCAP project proposal applicable for the land offered for enrollment.

Note: A Federal and State-owned BCF that is a project sponsor is not eligible for BCAP contracts.

5 Project Eligible Land

A General

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

- agriculture land
- NIPF land.

Exception: Land devoted to native sod as of June 18, 2008, is ineligible.

5 Project Eligible Land (Continued)

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.

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

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 or private forest landowners' cooperative is eligible land provided all other requirements are met.

The following summarizes NIPF eligibility.

IF NIPF…	THEN…
with 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 a Forest Stewardship Plan (FSP) or equivalent plan, consistent with the approved project proposal.
without tree cover at the time an offer is submitted	• suitable woody biomass or other suitable crops must be established according to the approved project area proposal and FSP • natural resource protection measures must be established according to the FSP.

5 Project Eligible Land (Continued)

D Ineligible Land

Land ineligible to be enrolled under a BCAP contract includes:

- Federal- or State-owned land
- land that is:
  - 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
  - land which is infested with invasive or noxious plants or trees or has the potential to become infested with invasive or noxious plants or trees
  - unsuitable for growing an eligible crop
  - subject to restrictions such as easements or conveyances that conflict with production of eligible crops.

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.

6 Project Eligible Crops

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 land
- only those crops listed in an approved BCAP project are eligible crops for that project area.

6 Project Eligible Crops (Continued)

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, paragraph 126 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 Related to Projects

Within an approved project, all of the following apply:

- producers are eligible for contracts of up to:

  - 5 years for annual or non-woody 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

- matching payments may be available for CHST of eligible material to a QBCF.

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

7 Action

A State Office Action

State Offices shall:

- read and follow the provisions in this notice
- ensure that County Offices read and follow the provisions of this notice.

B County Office Action

County Offices shall read and follow the provisions of this notice.

BCAP Definitions

The following BCAP definitions are applicable to this notice.

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 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 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 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 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.

Biobased product is a product determined by CCC to be a commercial or industrial product (other than food or feed) that is:

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

Biofuel is a fuel derived from renewable biomass.

Biomass conversion facility is a facility that converts or proposes to convert renewable biomass into heat, power, biobased products, or advanced biofuels.

BCAP Definitions (Continued)

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.

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.

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 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 portion of BCAP.

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.

BCAP Definitions (Continued)

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.

Highly erodible land is land as determined as specified in 6-CP.

Institution 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).

Matching payments are those CCC payments provided for eligible material delivered to a qualified biomass conversion facility.

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 is, as defined in 16 U.S.C. 2103a (the Cooperative Forestry Assistance Act of 1978, as amended), 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.

BCAP Definitions (Continued)

Renewable biomass is:

- appropriate materials, pre-commercial thinnings, or invasive species from National Forest System land and U.S. Department of the Interior, Bureau of Land Management land that:
    - are by-products 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 in accordance with 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 United States or subject to a restriction against alienation imposed by the United States, including:
    - renewable plant material, including:
        - feed grains
        - other agricultural commodities
        - other plants and trees
        - algae
    - waste material, including:
        - crop residue
        - other vegetative waste material (including wood waste and wood residues)
        - animal waste and byproducts (including fats, oils, greases, and manure)
        - food waste and yard waste.

BCAP Definitions (Continued)

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.

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).

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 at **www.fsa.usda.gov/energy**.

B Cover Sheet

On the cover sheet, enter the following:

- proposed project area name
- State
- 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 the biomass conversion facility(ies)
    - letter(s) of commitment from biomass conversion facility(ies).

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 forestland demographics within the project boundary watershed, including number of farms, types of farms, number of nonindustrial private forest lands, 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 recent decades
        - 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 objectives as well as documentation for the derivation of the objectives.

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

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 biomass conversion facility(ies), in addition to BCAP-1 and the feasibility study described in paragraph K:
    - simple pay back calculation for return on investment (ROI) could be calculated as such: ROI = (gain from investment - cost of investment / 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 flow chart of the biomass conversion facility'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, biomass conversion facility 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 soil rental rates.

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.

K Section 9 - Feasibility Study(ies)

The project sponsor must submit a feasibility study on behalf of the committed biomass conversion facility as an attachment on BCAP-1.

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.

Complete Project Proposal Outline (Continued)

K Section 9 - Feasibility Study(ies)

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 rail and road service 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, such as Federal funds

    - projected balance sheets and costs associated with project operations

    - cash flow projections for 3 years

    - the adequacy of raw materials and supplies

    - a sensitivity analysis, including feedstock and energy costs, product/coproduct prices

    - risks related to the project

    - the continuity, maintenance and availability of records

Complete Project Proposal Outline (Continued)

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

- 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.