

**For:** State and County Offices

**Restart of BCAP Matching Payments for Prioritized Eligible Materials and Biomass Conversion Facility (BCF) Qualification Application Procedures for FY 2014**

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



**1 Overview**

**A Background**

On September 30, 2013, BCAP authorization expired.

On February 7, 2014, BCAP was reauthorized under the 2014 Farm Bill with mandatory annual funding of \$25 million for each FY 2014 through 2018. Funding includes that not less than 10 percent, nor more than 50 percent, of the annual funding be used to make collection, harvest, transportation, and storage payments (BCAP matching payments).

A Notice of Funds Availability (NOFA) published in the FR, pages 33492-33495, provides that BCAP will provide up to \$12.5 million in BCAP matching payments for the remainder of FY 2014 for agricultural residues and only forest residues from the National Forest System and the DOI, BLM lands.

In addition, the NOFA provided that the restart of BCAP matching payments for the selected eligible materials would commence first with the submission of BCF applications to the State FSA Offices from June 16, 2014, through the close of business on July 14, 2014.

**B Purpose**

This notice advises State:

- and County Offices about general information related to the restart of BCAP matching payments for FY 2014
- Offices about the policy and procedures for submission and review of BCF applications for qualification and transfer to the National Office for FY 2014.

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2014	State Offices; State Offices relay to County Offices

## Notice BCAP-29

### 2 BCAP Restart of Matching Payments for Selected Eligible Materials for FY 2014

#### A Overview of Restart of BCAP Matching Payments for FY 2014

A NOFA published in the FR, pages 33492-33495, provides the following.

- BCAP will provide up to \$12.5 million in BCAP matching payments for the remainder of FY 2014.
- The selected or prioritized eligible material will be **only** agricultural residues or forest residues from the National Forest System and DOI, BLM public lands for FY 2014.
- The BCAP matching payment will be at a rate of up to \$1 for each \$1 per ton provided to the qualified BCF, not to exceed \$20 per dry ton for a period of no more than 2 total years.

**Note:** The not to exceed rate of \$20 per dry ton matching payment is a lower matching payment rate than the previously supported amount of \$45 per dry ton.

- BCFs must first be qualified by FSA **before** eligible material owners may deliver the selected eligible material provided in this subparagraph, or apply for BCAP matching payments.

The following table provides the timeline for the restart of BCAP matching payments for FY 2014.

<b>Signup Category</b>	<b>Application Location</b>	<b>Dates</b>
Biomass Conversion Facility Application for Qualification	State FSA Office where the facility is located.	June 16, 2014, through July 14, 2014
Eligible Material Owner Application for BCAP Matching Payments	County FSA Service-Center where the land is located or County FSA Service-Center where the farm records exist.	On or about July 21, 2014, through August 25, 2014
<b>Note:</b> The signup end date of August 25, 2014, is subject to the availability of funding. Eligible material deliveries must occur on or before September 26, 2014, unless determined otherwise by the Deputy Administrator, Farm Programs. Request for payment by eligible material owners must be submitted by September 30, 2014.		

## Notice BCAP-29

### 2 BCAP Restart of Matching Payments for Selected Eligible Materials for FY 2014 (Continued)

#### B Prioritized Eligible Material Target for FY 2014

BCF's that submit applications for qualification will likely need to consider the prioritized eligible material target for FY 2014, to be competitive.

**Note:** Not every BCF that meets all the requirements will automatically be selected as a qualified BCF. Given the limited funding for FY 2014, CCC may prioritize BCF's that have suppliers of eligible material types that best meet BCAP goals.

The following are some, but not all, of the eligible material requirements that BCF's will want to consider when seeking qualification in FY 2014:

- agricultural residues will include orchard waste collected **directly** from the land
- forest residues from National Forest System and BLM lands must be the by-product of preventive treatments for hazardous fuel reductions or containment or reduction of disease or insect infestations and must **not** have an existing product market
- all eligible materials will be required to be collected **directly** from the land
- all eligible material must have a completed conservation plan, forest stewardship plan or equivalent plan with certification by the assigned technical service provider **before** harvest or collection occurs or contract with FSA is approved
- all eligible material owners must have a completed and approved contract with FSA **before** eligible material is delivered to the qualified BCF
- all eligible woody materials must **not** have a higher-product value or existing product market and eligible material owner certification will be required.

### 3 BCF Applications

#### A Submission Overview

Beginning on June 16, 2014, through close of business on July 14, 2014, BCF applications will be accepted at the FSA State Office closest to where the BCF is physically located.

Previous BCF qualifications do not apply and will not be extended to make a facility eligible under this notice. Previous facility submissions requesting BCAP BCF qualification will not be considered.

**Note:** Not every BCF that meets all the requirements will automatically be selected as a qualified BCF.

## Notice BCAP-29

### 3 BCF Applications (Continued)

#### A Submission Overview (Continued)

To be considered a qualified BCF for BCAP matching payments, the facility must enter into a new agreement with FSA by close of business on July 14, 2014.

BCF applications for qualification will follow procedure provided in 1-BCAP, paragraphs 70 through 77 with the following adjustments:

- subparagraph 70 A - the eligible material may be consumed by BCF for the added purpose of bioenergy “research”
- subparagraph 71 B - will not be applicable to these applications
- subparagraph 71 C - must include as an attachment to the BCAP-1 overview form information concerning the expected dry ton consumption by the facility of the targeted or prioritized eligible material in FY 2014

**Note:** The targeted or prioritized eligible material for FY 2014 is agricultural residues collected or harvested directly from the land and forest residues collected from the National Forest System or USFS and BLM public lands that are byproducts of a preventative treatment for hazardous fuels reduction or containment or reduction of disease and insect infestations.

- subparagraph 71 C - must include the applicable American Society for Testing and Materials (ASTM) standard for determining the dry ton weight if woody materials, whether the woody material is an agricultural residues or a forestry residue, will be consumed by BCF

**Notes:** ASTM standards used must be reported on BCAP-1 upon application. Some of these ASTM standards include, but are not limited to, ASTM E1358-97, ASTM E871-82, ASTM D4442-07, or ASTM E105-04.

The dry ton weight arrived at using ASTM standards is to be recorded by the qualified BCF’s on the eligible material owners’ settlement sheets or scale tickets.

- subparagraph 73 B - is amended as follows:
  - completed BCF applications, which contain all the required documents, shall be sent to Kelly Novak by e-mail at [kelly.novak@wdc.usda.gov](mailto:kelly.novak@wdc.usda.gov), on the date SED signs the application and agreement
  - all complete BCF applications and SED-signed agreements must be e-mailed to the National Office by 12 noon EST on July 15, 2014

**Notice BCAP-29**

**3 BCF Applications (Continued)**

**A Submission Overview (Continued)**

- subparagraph 73 C - is amended as follows:
  - SED or designee must notify BCF, in writing of the State or National Office's approval or rejection of the application
  - see Exhibit 1 for an example notification letter for response to BCF's not qualified by the National Office
- subparagraph 74 A - for QBCF Agreements is calendared for FY 2014 according to the following table.

<b>Action</b>	<b>Dates</b>
BCF submission of application to FSA State Office	June 16, 2014, to July 14, 2014
Assignment and posting of unique QBCF ID numbers to the BCAP web site at <a href="http://www.fsa.usda.gov/bcap">www.fsa.usda.gov/bcap</a>	On or about July 21, 2014
<b>Note:</b> All complete BCF applications and SED-signed agreements must be e-mailed to the National Office by 12 noon EST on July 15, 2014.	

**B Outreach**

The State Office must develop a State outreach program to review the availability of submitting biomass conversion facility applications with all of the following, as applicable:

- producers
- biomass industry groups in the state
- farm groups
- farm co-operatives
- ethanol industry
- power industry including Rural Cooperative Power Utilities
- forest industry groups
- tribal leaders
- conservation and environmental groups
- beginning, socially disadvantaged, and limited resource farmer and ranchers
- potential project sponsors.

**Example of BCF Notification Letter**

The following letter shall be sent to all BCF applicants **not** qualified by the National Office.

[Insert Date]

Dear [Insert BCF name] Representative,

The Agricultural Act of 2014 (2014 Farm Bill) reauthorized the Biomass Crop Assistance Program (BCAP) and authorized a limited annual amount of funds available for BCAP matching payments at a minimum of 10 percent and a maximum of 50 percent of the annual mandatory budget amount of \$25 million. The 2014 Farm Bill also lowered that BCAP matching payment rate to a \$1 to \$1 match not exceed \$20 per dry ton.

FSA allocated the maximum amount of \$12.5 million for BCAP matching payments in fiscal year (FY) 2014. FSA also prioritized the eligible material to target agricultural residues and forest residues from the National Forest System public lands and BLM public lands, which were byproducts of preventative treatment for reduction of hazardous fuels or containment or reduction of disease and insect infestations and did not already have a higher-value or existing product market. Not every BCF that met all the requirements was automatically selected as a qualified BCF.

We regret to inform you that your BCF application seeking a BCAP matching payment qualification was not selected.

Future announcements will be made for BCAP beginning in FY 2015.

If you have questions concerning your application, please contact the BCAP manager, Kelly Novak, at 202.720.4053 or [Kelly.novak@wdc.usda.gov](mailto:Kelly.novak@wdc.usda.gov).

Thank you for your interest in BCAP. I look forward to working with you in the future.

[Insert Name]

State Executive Director