

For: State and County Offices

**Clarification on AD-245's and FY 2009 Biomass Crop Assistance Program (BCAP)
Collection, Harvest, Storage, and Transportation (CHST) Payments**

Approved by: Acting Deputy Administrator, Farm Programs



1 Clarifications

A Background

Previous BCAP notices provided policies and procedures to implement the BCAP CHST Matching Payment Program, instructions for processing AD-245's, and instructions for FY 2009 BCAP CHST funds control. Questions about funds and AD-245's have been received by the National Office.

B Purpose

This notice provides clarification for questions received about funds and AD-245's.

C Questions and Answers (Q&A's)

BCAP AD-245's require an applicant to provide an estimate of tonnage of biomass expected to be delivered ("Extent Approved"). Questions have arisen about how to estimate tonnage and total matching BCAP payment ("C/S Approved") for FY 2009 and how long applicants have to deliver biomass.

Q1: An Eligible Material Owner (EMO) has a contract or letter of intent with a Biomass Conversion Facility (BCF) to deliver up to 10,000 dry tons per month of biomass on an ongoing basis. EMO would like to sign up for BCAP CHST for FY 2009. How should EMO estimate the tonnage, given that FY 2009 is nearly complete?

A1: AD-245's approved in FY 2009 may reflect expected eligible material delivery through December 31, 2009. Therefore, EMO will be required to provide an estimate of expected tons of eligible material delivered through December 31, 2009. This estimate is to be used as the "Extend Approved" on FY 2009 AD-245.

For eligible material expected to be delivered after December 31, 2009, EMO will be required to complete a new AD-245 in FY 2010.

Disposal Date	Distribution
April 1, 2010	State Offices; State Offices relay to County Offices

Notice BCAP-5

1 Clarifications (Continued)

C Questions and Answers (Q&A's) (Continued)

Q2: EMO has a contract or letter of intent with BCF to deliver up to 10,000 dry tons per month of eligible material on an ongoing basis. The contract or letter of intent does **not** stipulate a price per ton to be paid by BCF to EMO for the eligible material. How should the County Office estimate the matching BCAP payment?

A2: The matching payment amount (“C/S Approved”) is the dry tonnage of biomass (“Extent Approved”) times the expected price per dry ton paid by BCF to EMO. County Offices **must** use available information to estimate price per dry ton, including the current market price supplied by BCF.

If no information exists, County Offices **must** consult with State Offices, which may use available information, including price per dry ton paid by other nearby BCF’s.

Notice BCAP-4, subparagraph 2 A instructed State Offices to make allocation requests using an estimate market price of \$30 per dry ton. This estimate may also be used to calculate the matching payment amount, provided no other information is available.

Q3: Can AD-245 be approved in FY 2010 using FY 2009 funds?

A3: No. AD-245’s can only be approved in FY 2010 if FY 2010 funding is available and has been allocated to the County Office.

Q4: After completing FY 2009 AD-245, EMO asks to increase their initial estimate of eligible material delivery, subsequently increasing the amount necessary under “C/S Approved”. Can the “Extent Approved” and/or “C/S Approved” be increased on FY 2009 AD-245 before December 31, 2009?

A4: Subject to availability of FY 2009 funds, the “Extent Approved” and/or “C/S Approved” on FY 2009 AD-245 may be increased before December 31, 2009.

Q5: After completing FY 2009 AD-245, EMO indicates that the market price per dry ton paid by BCF has increased beyond the initial estimate used to calculate “C/S Approved”. For EMO to receive matching payments on the amount of eligible material indicated in AD-245 “Extent Approved”, the amount necessary under “C/S Approved” **must** be increased. Can the “C/S Approved” amount be increased on FY 2009 AD-245 before December 31, 2009?

A5: Subject to availability of FY 2009 funds, FY 2009 AD-245 “C/S Approved” may be increased before December 31, 2009.

Notice BCAP-5

1 Clarifications (Continued)

C Questions and Answers (Q&A's) (Continued)

Q6: Is EMO required to deliver all eligible material approved on FY 2009 AD-245 by December 31, 2009?

A6: The FY 2009 AD-245 "Extent Approved" reflects the amount of biomass EMO expects to deliver to BCF through the period on AD-245, **not** to exceed December 31, 2009. If circumstances do not permit actual delivery of biomass to BCF before the December 31, 2009, deadline, COC may allow a brief extension of actual delivery date, **not** to exceed 60 calendar days.

2 Action

A State Office Action

State Office shall ensure that County Offices follow the provisions in this notice.

B County Office Action

County Offices shall follow the provisions in this notice.