

For: State Offices

Reviewing and Recommending Applications for Biomass Pilot Projects

Approved by: Deputy Administrator, Farm Programs



1 Overview

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Background

The FY 2000 Agricultural Appropriations Act, Section 769, further amended the Food Security Act of 1985, as amended, and authorized not more than 6 pilot projects, no more than 1 of which may be in any State, under which land enrolled in CRP may be harvested for biomass to be used for energy production.

A Federal Register notice:

- was issued on October 20, 2000
- is in Exhibit 1.

The Federal Register notice provides the opportunity for those interested in conducting pilot projects of the harvest of biomass from land enrolled in CRP for energy production to submit an application for consideration to State FSA Office, Attention: SED, in the State that the pilot project will be conducted.

Based on the criteria provided in this notice, State FSA Committees, in consultation with NRCS and the State Technical Committee, shall make recommendations to a National level interagency technical group regarding all timely filed applications.

Based on recommendations from State FSA Committees and the National level interagency technical group, certain pilot projects, not to exceed 6, may be approved by DAFP.

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Disposal Date	Distribution
March 1, 2001	State Offices; State Offices relay to NRCS State Offices

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1 Overview (Continued)

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Purpose

This notice provides:

- definitions applicable to pilot projects
 - a summary of the FY 2000 Agricultural Appropriations Act, Section 769
 - instructions and criteria in the review of pilot projects
 - information on biomass pilot projects' affect on payment reductions and research projects
 - deadlines for timely filed applications and making recommendations to the National level interagency group.
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Definitions for Biomass Pilot Projects

The following definitions are applicable to applications in conducting a pilot project for the harvest of biomass to be used for energy production on land enrolled in CRP.

Biomass means any vegetative cover that is an approved cover for use in CRP.

Harvest means the cutting of the biomass cover regardless of removal or use.

Crop reporting district means those areas defined as NASS Crop Reporting Districts.

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2 The FY 2000 Agricultural Appropriations Act, Section 769

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Summary

The FY 2000 Agricultural Appropriations Act, Section 769, authorized not more than 6 pilot projects, no more than 1 of which may be in any State for the harvest of biomass from land enrolled in CRP for use in energy production, provided:

- no acreage subject to CRP-1 may be harvested more than once every other year
- not more than 25 percent of the total acreage enrolled in CRP, in any crop reporting district, is harvested in any 1 year

Note: NASS Crop Reporting Districts will be used for this provision. See Exhibit 1, page 9. A color map of the NASS Crop Reporting Districts is also available on the Internet at <http://www.fsa.usda.gov/dafp/colornassmap.pdf>.

- no portion of the biomass harvested from CRP acreage is used for any commercial purpose other than energy production from biomass
- no wetland, or acreage of any type enrolled in a partial field conservation practice, is harvested
- CRP participants agree to a payment reduction for the acreage harvested.

The total acres for all of the projects shall not exceed 250,000 acres.

3 Reviewing Pilot Projects

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Criteria for Pilot Projects

Applications for pilot projects must provide, at a minimum, **all** of the following information:

- proposed pilot project general information, including all of the following:
 - project name
 - project location (State and counties)
 - project size (total acres) and extent, including a map
 - physical features, including soil geology, plant, and animal resources
 - distance to biomass facility
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3 Reviewing Pilot Projects (Continued)

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Criteria for Pilot Projects (Continued)

- biomass facility information, including all of the following:
 - name
 - location
 - logistical information, such as bridges, roads, railways, etc.

- project area description, including all of the following:
 - specific type or types and variety of cover to be harvested for the project
 - assurances to ensure that all harvesting limitations will not be exceeded
 - assurances that the cover will be reseeded, if applicable, after harvest
 - how the harvested material will be transported to the energy production facility
 - an estimate of the time needed from the planting of biomass cover, to the first harvest, and to the use of harvested material as energy production
 - a detailed statement of budgetary outlays for all participants on the proposed project
 - an environmental social, economic, and environmental justice analysis of the impact of the planting and harvesting and proposed use of the biomass material on erosion control, wildlife and wildlife habitat, water quality, and air quality
 - a detailed statement of the expected results of the project
 - how the applicant will provide for protection of cultural resources present on the acreage in the project area
 - a list of all environmental permits needed to conduct the proposed project and how and when the permits will be obtained
 - a detailed statement of the goals, including expected completion dates, of the project
 - a detailed statement outlining the monitoring process of the project, including who will conduct the monitoring process

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3 Reviewing Pilot Projects (Continued)

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Criteria for Pilot Projects (Continued)

- an analysis of the impact the project may have on regional and local economies, including if the producer participating in the project will receive any compensation, monetary or otherwise, from the harvested biomass
 - a description of what, if any, public input or comments were elicited or obtained about the proposed project
 - energy use information, including all of the following:
 - the type of energy proposed to be produced from the biomass
 - how the biomass will be used for energy production, including a comparative analysis of the current energy source and proposed biomass energy source
 - how and what time of year the biomass is proposed to be harvested
 - an estimate of the amount of material that must be harvested to meet the pilot project's goals.
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Other Requirements

Pilot projects must be for a minimum period of 10 years.

The total acres per project shall not exceed 50,000 acres.

Exception: DAFP may approve pilot projects that include more than 50,000 acres if the documentation submitted with the application provides quantifiable justification for the additional acres and State FSA Committee recommends approval of the pilot project.

CRP participants shall not convert existing approved cover to a different cover to become eligible to participate in approved biomass pilot projects.

Exception: CRP participants with existing approved cover of a monoculture may convert to the approved biomass cover if NRCS determines that this cover will control erosion at the same or greater level as the existing cover. **No C/S shall be paid to convert the cover.**

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3 Reviewing Pilot Projects (Continued)

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Other Requirements (Continued)

No acreage enrolled in CRP shall be harvested more than once every other year. Not more than 25 percent of the total acreage enrolled in CRP, in the applicable NASS Crop Reporting District, shall be harvested in any 1 year. No portion of the harvested crop shall be used for any purpose other than energy production from biomass.

The following land shall **not** be eligible to participate under a biomass pilot project:

- devoted to field windbreaks, waterways, shallow water areas for wildlife, contour grass trips, shelter belts, living snow fences, permanent vegetation to reduce salinity, salt tolerant vegetative cover, filter strips, riparian buffers, wetland restoration, and cross wind trap strips
 - within an approved public wellhead protection area not to exceed a radius of 2,000 feet from an approved public wellhead
 - with an erodibility index of more than 15
 - within 1,000 feet of a stream or other waterbody
 - considered a wetland under 7 CFR part 12.
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4 Payment Reduction and Compensation for Harvesting Biomass

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Payment Reductions

CRP participants who elect to participate in approved biomass pilot projects must agree to a 25 percent reduction in the CRP annual rental payment for each year in which the acreage is harvested. The payment reduction will apply only:

- to the acres harvested
- in the FY in which the acreage is harvested.

No acreage subject to CRP-1 may be harvested more than once every other FY. No more than 25 percent of the total acreage enrolled in CRP, in any NASS Crop Reporting District, shall be harvested in any 1 year.

Important: No portion of the biomass harvested from CRP shall be used for any commercial purpose other than energy production from biomass.

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4 Payment Reduction and Compensation for Harvesting Biomass (Continued)

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Compensation for Harvesting Biomass

Participants who elect to participate in approved biomass pilot projects may receive compensation, monetary or otherwise, for the harvested biomass from the approved project sponsor provided the harvested production is used for energy production.

5 Research Projects and Biomass Pilot Projects

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Acre-for-Acre Reduction

2-CRP, paragraphs 238 and 239, provide State FSA Committees authority to approve up to 5 research projects, not to exceed 640 acres per project for a total of 3,200 acres ($5 \times 640 = 3,200$). Acres approved for a biomass pilot project will reduce the amount of acres available for research projects on an acre-for-acre basis.

Example: A State currently has 3 approved research projects for a total of 1,800 acres. A biomass pilot project is approved in the State for a total of 3,000 acres. The research projects must be terminated on 1,600 acres.

6 Deadlines

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Deadline for Submitting Applications to FSA State Office

Applications for conducting pilot projects of the harvest of biomass from land enrolled in CRP for energy production must be postmarked on or before December 19, 2000.

All applications received with a postmark on or before the December 19, 2000, deadline will be reviewed. All applications received with a postmark after December 19, 2000, will **not** be considered.

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Deadline for Submitting Recommendations to DAFP

State FSA Committees, in consultation with NRCS and the State Technical Committee, must submit recommendations for all timely filed applications by January 18, 2001.

Recommendations shall be submitted to DAFP through Director, CEPD. Negative reports are required.

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7 Action

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State FSA Office Action State FSA Offices shall take action according to this table.

Step	Action
1	Provide a copy of this notice to NRCS State Office and State Technical Committee.
2	Set a date to review all timely filed applications with NRCS and State Technical Committee. See applicable deadlines in paragraph 6.
3	<p>In consultation with NRCS and State Technical Committee:</p> <ul style="list-style-type: none"> • review all timely filed applications to ensure that the minimum criteria provided in paragraph 3 is met <p>Important: Minimum criteria provided in paragraph 3 must be met. Any recommendation for approval of application that does not meet the minimum criteria must include a detailed justifiable basis for this recommendation.</p> <ul style="list-style-type: none"> • recommend approval or disapproval of all timely filed applications to DAFP by January 18, 2001. • if more than 1 timely filed application is recommended for approval, rank the applications in priority order to be approved.
4	<p>Submit all of the following to DAFP through Director, CEPD:</p> <ul style="list-style-type: none"> • summary of review of each timely filed application, including State FSA Committee narrative indicating basis for approval or disapproval recommendation • ranking of applications recommended for approval in priority order, including narrative indicating basis for ranking • all written comments from NRCS and State Technical Committee about the review and ranking of applications. <p>Important: Original applications must be submitted to DAFP. FSA State Offices shall retain a copy of all applications received.</p>

FR Notice

Billing Code 3410-05P

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Opportunity to submit application to conduct pilot project for harvesting of biomass from land enrolled in the Conservation Reserve Program to be used for energy production.

AGENCY: Commodity Credit Corporation, USDA

ACTION: Notice of opportunity to submit application.

SUMMARY: Up to six pilot projects, no more than one of which may be in any State, may be authorized for the harvest of biomass from land enrolled in the Conservation Reserve Program (CRP) to be used for energy production. Applications for conducting pilot projects of the harvest of biomass from land enrolled in the CRP for energy production may be submitted to the Commodity Credit Corporation.

DATES: Applications must be postmarked on or before December 19, 2000.

ADDRESSES: Applications will be accepted by the Farm Service Agency (FSA) State Executive Director in the respective State in which the pilot project is proposed to be conducted. State FSA office addresses are provided in Exhibit 1.

FOR FURTHER INFORMATION CONTACT: Beverly Preston, Agricultural Program Specialist, Conservation Programs Branch, Conservation and Environmental Programs Division, FSA, at (202) 720-9563.

SUPPLEMENTARY INFORMATION:

General Provisions

Section 769 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act, 2000 (Pub. L. 106-78), amended Section 1232(a)(7) of the Food Security Act of 1985 to provide new authority to use Conservation Reserve Program land for pilot biomass projects. Specifically, Section 769 provided that the Secretary shall approve not more than six projects, no more than one of which may be in any State, under which land subject to the contracts may be harvested for recovery for biomass used in energy production if: (i) no acreage subject to the contract is harvested more than once every other year and (ii) not more than 25 percent of the total acreage enrolled in the program in any crop reporting district (as designated by the Secretary) is harvested in any 1 year. The statute specified that no portion of the crop on the pilot land could be used for any commercial purpose other than energy production from biomass, and instructed the Secretary that this allowance would not include the

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FR Notice (Continued)

harvesting of any wetland, or any acreage of any type enrolled in a partial field conservation practice (including riparian forest buffers, filter strips, and buffer strips). It was also specified in the statute that the owner or operator must agree to a CRP payment reduction in an amount determined by the Secretary, and that the total acres for all of the projects could not exceed 250,000 acres. This notice sets out the terms under which pilot projects will be considered and the questions that must be answered on the application so that a considered choice may be made in choosing which projects to approve. The conditions set on the application process, as set forth in this notice, generally follow the terms of the statute. However, as set forth in this notice, it is proposed here that individual pilot projects will not generally be approved if they exceed 50,000 acres. This limit would allow for a diversity of projects to be approved and thus encourage the benefits of the pilot project. Also, this notice specifies that land which is committed to certain CRP practices cannot, generally, be included in the pilot project, as in certain cases the loss of conservation benefits would be too great. Finally, as specified in this notice, pilot projects will not be approved except upon the understanding, as set forth in this notice, that the individual CRP participants participating in the project agreed to a 25 percent reduction of the annual rental payment they would normally receive in the CRP for each year in which the acreage is harvested; this reduction is designed to offset any loss in conservation benefits which the CCC might otherwise have received under the participant's original CRP contract, and also reflects anticipated financial benefits which the participants in any pilot programs may realize as a result of such harvesting. While the terms of the program as outlined here reflect the current view of the agency as to how the program should operate and the limitations which should apply, members of the public are free in their submissions to suggest that the limitations, to the extent that they are not statutory, should not apply or, for that matter, that other limitations should apply.

Regulatory Authority

The CRP is authorized by the regulations at 7 CFR part 1410.

Acreage Limitation

Pilot projects approved under this authority may not exceed, in the aggregate, 250,000 acres, and an individual pilot project may not exceed 50,000 acres, unless approved by CCC.

Length of Pilot Project

Pilot projects must be conducted for a minimum period of 10 years.

FR Notice (Continued)

Eligible Land

All land enrolled in the CRP, subject to other restrictions outlined here, is eligible to be included in a pilot project except for land: devoted to field windbreaks, waterways, shallow water areas for wildlife, contour grass strips, shelter belts, living snow fences, permanent vegetation to reduce salinity, salt tolerant vegetative cover, filter strips, riparian buffers, wetland restoration, and cross wind trap strips; within an approved public wellhead protection area not to exceed a radius of 2,000 feet from an approved public wellhead; with an erodibility index of more than 15; within 1,000 feet of a stream or other waterbody; or, considered a wetland under 7 CFR part 12.

Biomass Harvest Provisions

Not more than 25 percent of the total acreage enrolled in the CRP in any National Agricultural Statistics Service (NASS) Crop Reporting District may be harvested using this pilot project authority in any 1 year. NASS Crop Reporting Districts are attached as Exhibit 2.

No portion of the harvested crop may be used for any purpose other than energy production from biomass. Participants are responsible for the restoration, at their own expense, of any cover damaged by harvesting, including reseeding if necessary.

Payment Reduction During Harvest

To be approved for this pilot project, CRP participants must agree to a reduction in the CRP annual rental payment equal to 25 percent of the annual rental payment for each year in which the acreage is harvested.

Definitions

The following definitions are applicable to applications to conduct a pilot project for the harvest of biomass from land enrolled in the CRP to be used for energy production:

Biomass means any eligible vegetative cover that is an approved cover for use in the Conservation Reserve Program.

Crop reporting district means those areas defined as NASS Crop Reporting Districts.

Harvest means the cutting of the biomass cover regardless of removal or use.
Required Application Information.

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Applications for pilot projects must be submitted to the State Executive Director of the State FSA office where the proposed pilot project is to be conducted and must provide, at a minimum, all of the following information:

Proposed Pilot Project General Information

1. Name.
2. Location (State and county or counties).
3. Size (total acres) and extent including map.
4. Physical features including soil, geology, plant, and animal resources.
5. Distance to biomass facility.

Biomass Facility Information

6. Name.
7. Location.
8. Logistical issues (roads, bridges, etc.).

Project Area Description

9. The specific type(s) and variety of cover proposed to be harvested.
10. Assurances to ensure that all harvesting limitations will not be exceeded.
11. Assurances that the cover will be reseeded, if applicable, after harvest.
12. How the harvested material will be transported to the energy production facility.
13. An estimate of the time needed from planting of biomass cover to first harvest to the use of harvested material as energy production.
14. A detailed statement of all budgetary outlays for each proposed project.
15. A detailed statement of the expected results of the project.
16. An environmental, social, economic, and environmental justice analysis of the impact of the planting and harvesting and proposed use of the biomass material on erosion control, wildlife and wildlife habitat, water quality, and air quality.
17. How the applicant will provide for protection of cultural resources present on the acreage in the project area.
18. A list of all environmental permits needed to conduct the proposed project and how and when the permits will be obtained.
19. A detailed statement of the goals, including expected completion dates, of the project.
20. A detailed statement outlining the monitoring process of the project, including who will conduct the monitoring process.

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21. An analysis of the impact the project may have on regional and local economies, including if the producer participating in the project will receive any compensation, monetary or otherwise, from the harvested biomass.
22. A description of what, if any, public input or comments were elicited or obtained regarding the proposed project.

Energy Use Information

23. The type of energy proposed to be produced from the biomass.
24. How the biomass will be used for energy production, including a comparative analysis of the current energy source and proposed biomass energy source.
25. How and when (time of year) the biomass is proposed to be harvested.
26. An estimate of the amount of material that must be harvested to meet the pilot project(s) goals.

Signed at Washington, D.C., on _____.

Executive Vice President
Commodity Credit Corporation

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Exhibit 1

State FSA Office Addresses

Alabama State FSA Office
4121 Carmichael Road, Suite 600
Montgomery, AL 36106-2872

Arizona State FSA Office
77 East Thomas Road Suite 240
Phoenix, AZ 85012-3318

California State FSA Office
430 G Street # 4161
Davis, CA 95616

Connecticut State FSA Office
88 Day Hill Road
Windsor, CT 06095

Florida State FSA Office
4440 N.W. 25th PL., Suite 1
Gainesville, FL 32606

Hawaii State FSA Office
300 Ala Moana Blvd., Room 5-112
P.O. Box 50008
Honolulu, HI 96850

Illinois State FSA Office
3500 Wabash
P.O. Box 19273
Springfield, IL 62794-9273

Iowa State FSA Office
10500 Buena Vista Court
Des Moines, IA 50322

Kentucky State FSA Office
771 Corporate Dr., Suite 100
Lexington, KY 40503-5478

Alaska State FSA Office
800 West Evergreen, Suite 216
Palmer, AK 99645-6389

Arkansas State FSA Office
Federal Building, Room 3416
700 West Capitol
Little Rock, AR 72201-3225

Colorado State FSA Office
655 Parfet St., Suite E-305
Lakewood, CO 80215-5517

Delaware State FSA Office
1201 College Park Drive, Suite 101
Dover, DE 19904-8713

Georgia State FSA Office
Federal Building, Room 102
355 East Hancock Ave.
Athens, GA 30603-1907

Idaho State FSA Office
9173 W. Barnes, Suite B
Boise, ID 83709-1555

Indiana State FSA Office
5981 Lakeside Blvd.
Indianapolis, IN 46278

Kansas State FSA Office
3600 Anderson Ave.
Manhattan, KS 66503-2511

Louisiana State FSA Office
3737 Government Street
Alexandria, LA 71302-3395

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Maine State FSA Office 967 Illinois Ave. Bangor, ME 04401	Maryland State FSA Office 8335 Guilford Rd., Suite E Columbia, MD 21046
Massachusetts State FSA Office 445 West Street Amherst, MA 01002-2994	Michigan State FSA Office 3001 Coolidge Rd., Suite 350 East Lansing, MI 48823-6321
Minnesota State FSA Office 375 Jackson Street, Suite 400 St. Paul, MN 55101-1852	Mississippi State FSA Office 6310 I-55 North Jackson, MS 39211
Missouri State FSA Office Suite 225, Parkade Plaza 601 Bus. Loop 70 West Columbia, MO 65203	Montana State FSA Office 10 East Babcock Street P.O. Box 670 Bozeman, MT 59771-0670
Nebraska State FSA Office 7131 A Street Lincoln, NE 68501-7975	Nevada State FSA Office 1755 E. Plumb Lane, Suite 202 Reno, NV 89502
New Hampshire State FSA Office 22 Bride St., 4th Floor Concord, NH 03301-4987	New Jersey State FSA Office Mastoris Professional Plaza 163 Rt. 130, Bldg. 2, Suite E Bordentown, NJ 08505-2249
New Mexico State FSA Office 6200 Jefferson St., NE, Room 211 Albuquerque, NM 87109	New York State FSA Office 441 S. Saline St. Suite, 356, 5th Floor Syracuse, NY 13202-2455
North Carolina State FSA Office 4407 Bland Road, Suite 175 Raleigh, NC 27609-6296	North Dakota State FSA Office 1025 28th St., SW Fargo, ND 58103
Ohio State FSA Office 540 Federal Building 200 N. High Street Columbus, OH 43215	Oklahoma State FSA Office 100 USDA, Suite 102 Farm Rd. & McFarland St. Stillwater, OK 74074-2653

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Oregon State FSA Office
7620 S.W. Mohawk
Tualatin, OR 97062-8121

Puerto Rico FSA Office
Cobian's Plaza Building - Rm. 301
1607 Ponce de Leon Ave.
Santurce, Puerto Rico 00909-1815

South Carolina State FSA Office
1927 Thurmond Mall, Suite 100
Columbia, SC 29201-2375

Tennessee State FSA Office
579 U.S. Courthouse
801 Broadway
Nashville, TN 37203-3816

Utah State FSA Office
P.O. Box 11350
125 South State Street., Rm. 4329
Salt Lake City, UT 84147-0350

Virgin Island FSA Office
5030 Anchor Way, Suite 2
Gallows Bay, Christiansted
St. Croix, VI 00820-4692

Washington State FSA Office
316 West Boone Ave., Suite 568
Spokane, WA 99201-2350

Wisconsin State FSA Office
6515 Watts Rd., Room 100
Madison, WI 53719

Pennsylvania State FSA Office
One Credit Union Place, Suite 320
Harrisburg, PA 17110-2994

Rhode Island State FSA Office
60 Quaker Lane, Suite 40
Warwick, RI 02886-0111

South Dakota State FSA Office
200 Fourth St., SW, Room 308
Huron, SD 57350-2478

Texas State FSA Office
2405 Texas Ave. South
College Station, TX 77840

Vermont State FSA Office
Executive Square Office Bldg.
346 Shelburne St.
Burlington, VT 05401-4995

Virginia State FSA Office
Culpepper Bldg., Suite 138
1601 Santa Rosa Rd.
Richmond, VA 23229

West Virginia State FSA Office
75 High Street, P.O. Box 1049
Morgantown, WV 26507-1049

Wyoming State FSA Office
951 Werner Court, Suite 130
Casper, WY 82601-1307

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