



# FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

June 2012

## Biomass Crop Assistance Program – Project Area Number 2 Expansion

### Overview

The Farm Service Agency (FSA) announced an expansion of Biomass Crop Assistance Program (BCAP) Project Area No. 2 that includes the entire area of three counties in Arkansas - Jackson, Lawrence and Randolph. BCAP project areas provide financial incentives to eligible landowners and operators to establish and produce biomass crops for heat, power, biobased products and advanced biofuels. A BCAP project area must have specified boundaries approved by the Secretary of Agriculture. Agricultural land in project Project Areas 2-5 is eligible for the establishment of giant miscanthus for energy purposes. FSA has reserved up to \$1.35 million for additional enrollments in this project area.

The Illinois Clone variety of giant miscanthus is a sterile hybrid warm-season grass that is cultivated by planting rhizomes in open fields. Yields for giant miscanthus are expected to range between 10 and 12 tons of dry matter per acre and can be as high as 15 tons/acre. The expansion of Project Area 2, like the four existing project areas, will continue to use a common approach to establish the crop over two years. In the first year, a small number of “propagation acres” will be established using centrally irrigated fields. FSA will enter into five-year contracts with producers to cultivate rhizomes from the first year’s propagation acres onto a larger area of “plantation acres” comprised of the total number of BCAP acres enrolled.

The normal time period for planting giant miscanthus rhizomes varies regionally, but is generally in the early spring.

As a condition of enrollment, participants must provide evidence that they have an agreement with either a project sponsor or other qualified miscanthus planting contractor. These agreements must provide for the planting, production and harvesting of the approved miscanthus rhizomes, according to the specific two-phase establishment process included in these project areas.

### Project Areas 2-5 Acreage Targets & Location

PROJECT AREA NUMBER & STATE	PROJECT AREA SPONSOR'S LOCATION	FY* 2011 ACREAGE TARGETS & COUNTIES 1/	FY* 2012 ACREAGE TARGETS & COUNTIES
Project Area No. 2 Arkansas	MFA Oil Biomass LLC, Paragould, AR	6,588 acres Clay, Craighead, Greene, Jackson, Lawrence, Mississippi, Poinsett, and Randolph.	1,200 acres Clay, Craighead, Greene, Jackson, Lawrence, Mississippi, Poinsett, and Randolph.
Project Area No. 3 Missouri	MFA Oil Biomass, LLC Columbia, MO	3,400 acres Audrain, Boone, Callaway, Cole, Cooper, Howard, Moniteau, Monroe, and Randolph.	N/A
Project Area No. 4 Missouri	MFA Oil Biomass, LLC Aurora, MO	3,850 acres Barry, Christian, Dade, Jasper, Lawrence, Newton, and Stone.	N/A
Project Area No. 5 Ohio/Pennsylvania	Aloterra Energy, LLC Ashtabula, OH	5,344 acres Ohio - Ashtabula, Geauga, Lake, and Trumbull. Pennsylvania - Crawford, Erie, and Mercer.	N/A
1/ Only parts of some counties are in the project area. Please consult project area maps for exact delineation. Acres represent the total targeted for the counties listed. *FY means fiscal year.			

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Producers who enter into these contracts and establish giant miscanthus on their land will generally be eligible for:

- Establishment payments of 75 percent of the eligible costs of the plantings;
- Annual payments for the land enrolled, and;
- Subject to the availability of funds, matching payments for up to two years for the collection, harvest, storage and transport of the biomass to a qualified biomass conversion facility.

**Annual Payments for Enrolled Land**

BCAP contracts will be five years in length with all payments obligated from the current fiscal year (FY) allocation at enrollment. The estimated total funding available for annual rental payments for FY 2012 is \$390,000 which is intended to fund obligations for the 1,200 acres for the full five years. Annual per acre payment rates for land classified by FSA as cropland will be calculated using the posted soil rental rates for CRP. Per acre payment rates for all other eligible non-cropped agricultural land will be based on the posted CRP marginal pastureland rental rate applicable to the county

**Required Reductions in Annual Payments**

Annual payments will be reduced in the year the eligible crops are harvested or collected from the contract acreage by a percentage of the value of the harvest/collection and any BCAP matching payments should funding for matching payments become available (**see table on this page**).

All uses of plant material removed from land enrolled under active contracts, grazing, gleaning or similar  
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REDUCTION PERCENT	FINAL CONVERSION PRODUCT
1 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).
10 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).
25 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).
100 Percent	If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).

uses also will trigger reductions in annual payments. FSA will require all participants to keep and submit accurate records of the disposition and/or sale of all materials removed from contract acreage

**Establishment Payments**

Establishment payments are authorized for this project at 75 percent of the producer’s first year establishment costs, establishing perennial crops on contract acres not to exceed \$803 per acre or \$963,600 for establishment payments. These payments will reimburse participants for a part of the cost of site preparation, seed stocks, planting activities and related measures.

Practice measures for conservation or mitigation measures such as buffers, fencing or related livestock or wildlife control measures will not be eligible for establishment payments. All other establishment, maintenance and harvested costs for practice measures beyond the first year will be the responsibility of the producer. Establishment practices and costs must be compliant with

and costs must be compliant with the USDA Technical Service provider’s conservation plan.

**Matching Payments**

Matching payments for eligible biomass material also could be available for biomass harvested or collected from BCAP contracted acreage by eligible material owners. Subject to the availability of funds, BCAP participants also may qualify for matching payments when they deliver biomass to a qualified biomass conversion facility. These matching payments are provided for the collection, harvest, storage and transport of eligible biomass materials to qualified biomass conversion facilities. The duration of matching payments is limited to two years per producer, with a matching rate of \$1 per \$1 received, up to \$45 per dry ton.

Matching payments are not part of the BCAP contract, but a percentage of matching payments will be deducted from the annual rental payment in the year the eligible crops are harvested or collected

from the contract acreage as mentioned above.

### Eligible Land

Eligible land includes cropland and non-crop agricultural land such as grassland, pastureland and hay land. Eligible land must be suitable, as determined by National Resource Conservation Service (NRCS), for establishing giant miscanthus.

Ineligible land includes native sod and land owned by federal agencies, states, and local governments. Additionally, land enrolled in CRP, Wetlands Reserve Program, or Grassland Reserve Program is ineligible for enrollment in BCAP. Land enrolled in other programs may also be ineligible depending on the terms and conditions of those programs.

### Conservation Plans and Harvesting/Handling Requirements

The Before FSA approves a BCAP contract, the participants will be required to obtain a conservation plan (CPO) developed by NRCS and must be approved by the local Soil and Water Conservation District and FSA.

Harvesting giant miscanthus from plantation acreage is generally expected between Dec. 1 and April 15 each year after plant moisture levels have decreased. BCAP contracts do not require participants to allow their biomass to be harvested by the project sponsor or to sell the harvested biomass to the sponsor. Additionally, participants:

- Must transport and handle harvested miscanthus consistent with CPO provisions designed to prevent unwanted spread of the sterile species.
- Must conduct crop harvesting on highly erodible cropland consistent with NRCS plan requirements under the highly erodible and wetland compli-

ance provisions of the Food Security Act of 1985, as amended.

- Must not hay, graze, harvest or otherwise disturb established stands during the primary nesting season as established by the state FSA committee.

FSA is establishing these project areas for giant miscanthus following an environmental assessment and the adoption of a mitigation and monitoring plan designed to prevent unwanted spread of sterile giant miscanthus. Several key provisions of the mitigation and monitoring will be incorporated into BCAP CPOs and will be the responsibility of program participants. These provisions include but are not limited to:

- Maintenance of buffer zones at least 25 feet wide,
- Establishment of only the "Illinois clone" cultivar of giant miscanthus, certified by the Ohio Seed Improvement Association quality assurance program and,
- Regular monitoring of crop and contract acres.

### Producer Participation

The signup periods for producers in project area counties are scheduled to run from June 18 through Sept. 14, 2012. Approvals of offers during this period will be made on a continuous basis, subject to funding availability. Enrollment applications will be taken at the USDA Service Center location where the farm is serviced.

Producers must be in compliance with the highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended, to be eligible for BCAP. There are no adjusted gross income requirements or payment limitation requirements for program participants. Any existing cropland base and yield history will be preserved for

land enrolled in a BCAP contract.

### For More Information

For more information about BCAP visit the FSA BCAP website at [www.fsa.usda.gov/bcap](http://www.fsa.usda.gov/bcap), or see the general BCAP fact sheet at [www.fsa.usda.gov/Internet/FSA\\_File/bcap\\_update\\_may2011.pdf](http://www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf).

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