

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Biomass Crop Assistance Program
1-BCAP**

Amendment 4

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 B has been amended to update the authority to 2014 Farm Bill, Section 9010.

Subparagraph 1 E and Exhibit 12 have been amended to update that the \$1 per \$1 matching payment rate of \$45 per ton has been lowered to \$20 per dry ton.

Subparagraph 3 A has been amended to update the 63-FI purpose.

Subparagraph 30 B has been amended to provide that SED's shall:

- forward completed BCAP-1's to the National Office according to paragraph 73, clarifying that the National Office will select qualifying BCF's
- report all software errors and issues to PECD.

Subparagraph 70 A has been amended to update:

- qualifying BCF responsibilities to include enhanced record keeping and compliance requirements
- dry ton measurement requirements for woody materials.

Subparagraph 71 A and 122 A notes have been amended to provide that eligible material under matching payments may now be consumed by BCF for the added purpose of bioenergy "research" and that forestry residues require using standards for arriving at a dry ton weight.

Paragraph 71 has been amended to:

- remove the requirement for waivers when submitting BCAP-1's for "research" conversion as they are no longer necessary because the 2014 Farm Bill now provides "research" for matching payments as an eligible material conversion purpose

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

- add the requirement for an attachment to BCAP-1 to provide information about the expected dry ton consumption by BCF of the targeted or prioritized eligible material for the duration of the agreement or current fiscal year
- provide that BCAP-1 **must** include the applicable ASTM standard for determining the dry ton weight and if woody materials, whether the woody material is agricultural residue or forestry residue, will be consumed by BCF.

Subparagraph 73 B has been amended to provide State Offices with simplified review requirements for BCAP-1's and more exact instruction for transmitting BCAP-1's to the National Office.

Subparagraph 73 C has been amended and Exhibit 12 has been added to provide SED or designee instruction for notifying BCF of approval or rejection of BCAP-1 for qualification.

Subparagraph 74 A has been amended to provide that the timelines and specific action for approving BCAP-1's will be announced in notices, as applicable.

Subparagraph 120 B has been amended to provide that eligible material will be in targeted eligible material for each BCAP matching payment sign-up period and will be provided at www.fsa.usda.gov/BCAP.

Subparagraphs 121 A and B have been amended to provide changes in eligible material requirements according to BCAP final rule published February 27, 2015, and in specific the new process for eligible Federal woody material that is to be harvested or collected for the National Forest System.

Paragraph 123 and Exhibit 2 definitions have been amended to provide that agricultural residue:

- is an eligible material and targeted category
- may be woody materials, such as from orchard waste.

Subparagraph 124 A has been amended to clarify that the 2-year eligibility duration for EMO's is **not** affected by any matching payments received before May 28, 2015.

Subparagraph 125 A has been amended and Exhibit 16 has been added to provide clarification that all woody eligible materials that are Federal forest residues **must** first obtain a new or amended FSP or equivalent plan that provides certification that the forest residue is the by-product of a preventative treatment for fire fuel load reductions, disease, and insect infestation reduction or containment.

Subparagraphs 246 A, 249 A, and 255 C have been amended to provide that the established payment rate for perennial crop cost share in project areas has been lowered to 50 percent of established costs, **not** to exceed \$500 an acre for farmers and rancher, or **not** to exceed \$750 per acre for SDA farmers and ranchers.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 250 B has been amended to provide GIS shapefile details for required proposal attachments.

Subparagraphs 247 A and 250 C have been amended to provide that the process for submitting project area proposals has been changed to include submission accepted only at **grants.gov** and during RFP solicitation periods.

Subparagraph 250 C has been amended to identify and clarify that certain proposed crops may require EA's and if EA's are **not** included in the project area proposal, then the proposal is considered incomplete.

Subparagraph 251 A has been amended to provide that the review of all project area proposals for completeness is conducted at the National Office and review of completed project area proposals are conducted at the National Office through BCAP Interagency Review recommendation and selection by DAFP.

Subparagraphs 251 B has been amended and 251 C has been removed to provide that project area proposal environmental reviews are no longer conducted or preliminarily opinioned by the State Office, nor are a responsibility of SED or designee, but rather will be conducted and preliminarily opinioned by the FSA National Environmental Compliance Office.

Subparagraph 252 A has been amended to provide that all required documents for project proposals **must** be submitted to the National Office through **grants.gov**, including EA's.

Subparagraph 252 B has been amended to provide that:

- the selection and designation process in the part is for project areas and **not** BCF designations
- DAFP provides s project area designations.

Subparagraph 254 B has been amended to provide that expiring CRP and ACEP, according to the 2014 Farm Bill, and inclusion of WRP and GRP lands in these 2 programs, are now eligible for enrollment in designated project areas, provided the land meets other eligible land criteria and has not received a program payment within the fiscal year that enrollment in BCAP is sought.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
1-4	1-1 through 1-4	1, pages 1, 2
5 (add)	2-21 through 2-24	2, pages 1-6
	3-1, 3-2	4, pages 1, 2
	3-2.5, 3-2.6	12, page 1 (add)
	3-3 through 3-10	16, pages 1, 2 (add)
	3-61, 3-62	20, pages 1-4
	3-62.5, 3-62.6 (add)	pages 4.5, 4.6 (add)
	3-63 through 3-66	pages 5, 6
	3-66.5, 3-66.6 (add)	
	3-67, 3-68	
	3-75, 3-76	
	3-251, 3-252	
	4-1 through 4-4	
	4-4.5, 4-4.6	
	4-5 through 4-44	

Table of Contents

Page No.

Part 1 Basic Provisions

1	Overview.....	1-1
2	Availability of BCAP Information.....	1-2
3	Related Handbooks, Manuals, and Forms	1-3
4	Access to Farms, Farm Records, and QBCF Records	1-4
5	Program Administration.....	1-5
6	Handling Program Infractions.....	1-7
7-19	(Reserved)	

Part 2 Responsibilities

Section 1 Agency Responsibilities

20	Responsibilities by Agency.....	2-1
21-29	(Reserved)	

Section 2 FSA Administrative Responsibilities

30	Responsibilities.....	2-21
31	Written Documentation.....	2-25
32	Delegations of Authority.....	2-26
33	Special Approval Authorities for BCAP Applications	2-27
34	Special Disclosure Requirement for FSA Employee Interest in BCF's Seeking Qualification	2-27
35-69	(Reserved)	

Part 3 Matching Payments

Section 1 BCF Qualification

70	Qualified BCF's.....	3-1
71	Qualifying BCF's.....	3-2.5
72	Facility Public Information Provisions	3-8
73	SED Authority for Sign Agreements for Tentative Qualification Approval	3-8
74	Approving QBCF Agreements	3-9
75	Outreach for QBCF's.....	3-9
76	Disqualifying a Previously QBCF	3-10
77	Handling QBCF Ownership, Operational Changes	3-10
78-119	(Reserved)	

Table of Contents (Continued)

Page No.

Part 3 Matching Payments (Continued)

Section 2 Eligible Material

120	Overview and Eligible Material.....	3-61
121	Eligible Material Provisions	3-61
122	Nonqualifying Eligible Materials	3-63
123	EMO's.....	3-65
124	2-Year Payment Duration Limit	3-66.6
125	Completing BCAP-10's.....	3-67
126	Completing BCAP-11's.....	3-76
127-144	(Reserved)	

Section 3 (Reserved)

145-165 (Reserved)

Section 4 (Reserved)

166-186 (Reserved)

Section 5 (Reserved)

187-207 (Reserved)

Section 6 (Reserved)

208-228 (Reserved)

Section 7 QBCF Violations

229	Violations of QBCF Application and Agreement.....	3-251
230-245	(Reserved)	

Table of Contents (Continued)

Page No.

Part 4 Project Area Management

Section 1 Establishment and Annual Rental Payments Under Project Areas

246	Project Areas.....	4-1
247	Submission Overview.....	4-2
248	Project Sponsor.....	4-2
249	Federal Incentives.....	4-2
250	Project Proposal Submission.....	4-4
251	Project Proposal Review and Action.....	4-6
252	Project Proposal Review Step-by-Step Process.....	4-9
253	Project Eligible Producers.....	4-12
254	Project Eligible Land Overview.....	4-12
255	Project Eligible Crops Overview.....	4-15
256-270	(Reserved)	

Section 2 Duration of BCAP-24's

271	BCAP-24 Duration.....	4-45
272	BCAP-24 Effective Dates.....	4-45
273-290	(Reserved)	

Section 3 Obligations of Participant

291	Participant Obligations Under BCAP-24.....	4-81
292-310	(Reserved)	

Section 4 BCAP-24 Signups

311	Pre-Signup Activity.....	4-121
312	BCAP-24 Signup.....	4-122
313	Completing BCAP-23's.....	4-128
314	Completing BCAP-24's.....	4-137
315	Notifying Producers Who Submit BCAP-23's.....	4-142
316	Announcing County BCAP Project Areas.....	4-143
317	(Reserved)	
318	Assisting Producers During Signup.....	4-148
319	Providing BCAP-24 and BCAP-24 Appendix.....	4-150
320	Signature Requirements.....	4-151
321	Withdrawing or Modifying BCAP-23's.....	4-152
322	Succession to BCAP-23's.....	4-153
323	Processing BCAP-23's.....	4-154
324-330	(Reserved)	

Table of Contents (Continued)

Page No.

Part 4 Project Area Management (Continued)

Section 5 (Reserved)

331-350 (Reserved)

Section 6 (Reserved)

351-370 (Reserved)

Section 7 (Reserved)

371-390 (Reserved)

Section 8 BCAP Contracts

391	Overview.....	4-291
392	Approving and Numbering BCAP-24's	4-292
393	(Reserved)	
394	Conservation Plan, FSP, or Equivalent Plan and C/S Agreement	4-297
395	NRCS Assembling and Filing BCAP Contract Documents	4-300
396	Farm Constitution and Reconstitutions.....	4-302
397	Correcting BCAP-24's.....	4-303
398	Terminating BCAP-24's	4-304
399	Revising BCAP-24's.....	4-313
400	Revising BCAP-24 Because of Loss of Control of Enrolled Land	4-315
401	Other Revisions.....	4-318
402	Assessing Liquidated Damages	4-319
403	Waiving Assessed Liquidated Damages	4-320
404	Early BCAP-24 Termination	4-322
405	BCAP Land in State or Federal Receivership.....	4-323
406	BCAP-24 Tenant and Sharecropper Provisions and Participants in Bankruptcy	4-324
407	BCAP-24 Modifications for Violations.....	4-326

Table of Contents (Continued)

Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority
2	Definitions of Terms Used in This Handbook
3	(Reserved)
4	BCAP Filing Codes
5-10	(Reserved)
11	BCF Purchase List Example
12	Example of BCF Notification Letter
13, 14	(Reserved)
15	(Withdrawn--Amend. 2)
16	Example of FS and BLM Evaluation Sheets
17-19	(Reserved)
20	Complete Project Proposal Outline
30	Example Notifications of BCAP-23 and BCAP-24 Status

Part 1 Basic Provisions**1 Overview****A BCAP Objectives**

The following are general BCAP objectives:

- support establishing and producing eligible crops for conversion to bio-energy within BCAP project areas
- assist agricultural and forest land owners and operators with collection, harvest, storage, and transportation of eligible material for use in BCF.

B Sources of Authority

The statutory authority at Farm Security and Rural Investment Act of 2002, Title IX, as ~~amended~~ by Agricultural Act of 2014, Title IX, and the regulations at 7 CFR Part 1450--* govern BCAP.

C Handbook Purpose

This handbook provides policies and procedures to FSA State and County Offices for adhering to general provisions and carrying out BCAP responsibilities.

D Project Area Overview

Under the Project Area component of BCAP, participants may receive annual and establishment payments for producing energy crops within BCAP project areas. This handbook provides policy for submitting project area proposals.

A forthcoming amendment or other National BCAP directive will add provisions for the following:

- enrolling agricultural land and NIPF under BCAP land contracts in approved project areas
- planting of new energy crops on BCAP land contract acreage
- issuing establishment, annual, and matching payments to producers with BCAP land contracts.

1 Overview (Continued)

E Matching Payments Overview

Matching payments provide EMO a matching payment for the sale and delivery of eligible material to QBCF. These payments are available to EMO's at the rate of \$1 for each \$1 per *--dry ton paid by QBCF to EMO's, limited to a maximum of \$20 per dry ton and limited to--* a 2-year payment duration.

Notes: All payment rates used in sales transactions between EMO's and QBCF's must reflect fair market values for the various types and varieties of eligible material biomass.

Under some circumstances matching payments are also available for QBCF's who use their own eligible material and do not purchase from a separate party. See paragraph 123.

See Exhibit 2 for definitions of EMO and QBCF.

F Voluntary Participation

BCAP is entirely voluntary. BCF may choose whether to seek to become QBCF. Persons or entities may choose whether to seek matching payments as EMO.

2 Availability of BCAP Information

A Public Information

Unless otherwise noted in this handbook, public information on BCAP is available at www.fsa.usda.gov/BCAP.

B Internal Resources

In addition, FSA employees may access internal resources for program implementation and automation through the State and County CEPD Information Center at <http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm>.

3 Related Handbooks, Manuals, and Forms

A Related Handbooks and Manuals

Related handbooks include the following.

Handbook or Manual	Purpose
1-APP	Appeals.
1-AS	Supplementing BCAP matching payments provisions.
3-AS	Clearing forms.
25-AS	Records management.
1-CM	Common management provisions.
2-CM	Common farm and program provisions.
3-CM	Farm, tract, and crop data.
1-COR	Quality control.
2-CP	Acreage and compliance determinations.
4-CP	Payment reductions and violations.
6-CP	HELC and WC provisions.
7-CP	Finality rule and misaction/misinformation.
3-FI	Handling receipts and deposits.
50-FI	Prompt payment interest rates.
58-FI	Handling claims.
61-FI	Prompt payment provisions.
62-FI	Nonresident alien income tax.
63-FI	*--Assignments and joint payments for joint payments only .--*
2-INFO	Providing information to the public.
3-INFO	Privacy Act.
4-PL	Direct attribution for the 2-year matching payment duration.
22-PM	County Office personnel management procedures about conflict of interest with official duties.
NRCS National Food Security Act Manual	HEL and wetland determinations and delineations.

3 Related Handbooks, Manuals, and Forms (Continued)

B State Supplements to These Provisions

State Office handbook supplement instructions shall not be less or more restrictive than the provisions of this handbook. However, State-specific amendments may be made that are consistent with BCAP provisions. For permanent directives, the following guidelines must be followed:

- issue a permanent State Office directive only as a supplement to this handbook

Note: Do **not** create a separate State handbook.

- do **not** rewrite or elaborate on unclear or incomplete national instructions
- do **not** modify national wording when adding supplemental information
- State Offices may supplement these handbook instructions according to 1-AS.

Notes: Periodically, the National Office may select State Office amendments for review.

If any State Office directive appears to be in conflict with either BCAP regulations or National Office directives, the regulations and National Office directives, as applicable, apply and shall be used.

4 Access to Farms, Farm Records, and QBCF Records

A Access by USDA Representatives

Authorized USDA representatives, by written agreement, have access to the following:

- farms and farm records to:
 - make eligibility determinations
 - verify practice performance measures
 - determine program benefit amounts
- QBCF records, as provided in the BCF Agreement, to ensure that BCF's, EMO's, and BCAP participants are in compliance with program regulations and this handbook.

B Disclosure of Information

See * * * 2-INFO and 3-INFO about public information. Information subject to the Privacy Act and related laws must **not** be disclosed for either QBCF's or EMO's.

Section 2 FSA Administrative Responsibilities

30 Responsibilities

A STC Responsibilities

Within the authorities and limitations in this handbook, STC:

- shall follow provisions in this handbook
- shall handle appeals according to 1-APP
- shall require reviews to ensure that County Offices comply with requirements established by the National and State Offices
- may require additional parameters of review as needed to ensure compliance with program requirements
- shall document actions taken in minutes or other written records
- shall handle requests for meritorious relief, according to subparagraph 5 B
- shall notify the BCAP Program Manager about interest in BCF, according to paragraph 34.

B SED Responsibilities

Within the authorities and limitations in this handbook, SED or designee shall:

- *--review and forward BCAP-1's and agreements for qualification selection to National Office if all provisions in paragraph 73 are met
- approve QBCF agreements after National Office qualification selection provided, if all provisions in paragraph 73 are met--*
- notify BCF, in writing, of approval or rejection, according to paragraph 73
- determine current fair market price per dry ton by material type, according to subparagraph 71 D
- periodically inform the public about matching payments, according to subparagraph 75 A
- *--report software problems to David Taylor, PECD, Contracts and Applications Section, by either of the following:
 - e-mail to **david.taylor@wdc.usda.gov**
 - telephone at 202-720-6255--*

30 Responsibilities (Continued)**B SED Responsibilities (Continued)**

- inform the BCAP Program Manager of any BCF's believed to be engaging in a violation, according to paragraph 229
- routinely announce QBCF locations and general eligible material needs, according to subparagraph 72 B
- chair the State BCAP Review Team, according to paragraph 251
- notify the BCAP Program Manager about interest in BCF, according to paragraph 34
- perform outreach related to BCAP project areas, which 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, SDA, and limited resource farmers and ranchers
 - potential project sponsors.

C DD Responsibilities

Within the authorities and limitations in this handbook, DD shall:

- ensure that COC's and CED's follow provisions in this handbook
- review County Office procedures to ensure that County Offices comply with requirements established by the National and State Office
- provide SED with a written report of all reviews
- report software problems to the State Office
- disclose interest in BCF's to SED, according to paragraph 34.

30 Responsibilities (Continued)

D COC Responsibilities

COC:

- shall make matching payment eligibility determinations for EMO's
- shall ensure that CED follows provisions in this handbook
- must document all actions taken in COC minutes and include the following:
 - all factors considered
 - justification of all determinations
 - reference to applicable handbook procedures
- disclose interest in BCF's to SED, according to paragraph 34
- must document recommendations for relief to STC according to this handbook and 4-CP
- shall handle appeals according to 1-APP and record and document determinations in the COC minutes
- makes determinations on qualifying eligible materials according to Part 3, Section 2.

E CED Nondelegated Responsibilities

Without formal delegation, and as part of the daily office operations, CED or PT designee shall:

- send forest stewardship, conservation, or equivalent plan referrals to providers of technical assistance when applicable
- approve BCAP-10, BCAP-11, BCAP-23, BCAP-24, FSA-848B, Applications/Agreements for eligible applicants, and other forms identified in Exhibit 1, as applicable
- calculate and disburse matching payments
- ensure that County Offices follow provisions issued by COC, DD, State Offices, and this handbook

30 Responsibilities (Continued)

E CED Responsibilities (Continued)

- ensure that all automated processes are completed in a timely manner
- report incorrect software calculations, discrepancies, and problems to SED, through DD
- report to SED and the State Office BCAP Program Specialist, through DD, incomplete or incorrect procedures in this handbook
- assist COC in ensuring that all pertinent information and program deadlines are publicized
- determine value of refunds, interest, and liquidated damages, when applicable, and according to the provisions of this handbook
- disclose interest in BCF's to SED, according to paragraph 34
- provide EMO's documentation of the date that the 2-year duration for payments begins, according to paragraph 124
- ensure that signature deadlines are carefully monitored for reconstituted farms, designating payment shares, and necessary supporting documentation, such as AD-1026 and CCC-901
- inform the State Office of any BCF's believed to be engaging in a violation, according to paragraph 229
- ensure that producers receive complete, accurate, and timely program information about BCAP, including QBCF locations and general eligible material needs according to subparagraph 72 B, by providing information through the following:
 - *--program leaflets, brochures, newsletters, and print media--*
 - meetings
 - radio, television, and video.

Note: CED may designate PT to perform these and other functions without formal delegation.

Part 3 Matching Payments

Section 1 BCF Qualification

70 Qualified BCF's

A Overview

[7 CFR 1450.101] (a) To be considered a qualified biomass conversion facility, a biomass conversion facility must enter into an agreement with CCC and must:

- (1) Meet all applicable regulatory and permitting requirements by applicable Federal, State, or local authorities;**
- (2) Agree in writing to:**
 - (i)*--Develop and maintain a List, as defined above, for eligible material purchases and make available upon request this List for examination by USDA representatives.; and**
 - (ii) Retain records that include, but are not limited to, the spreadsheet, books, papers, records, contracts, scale tickets, settlement sheets, invoices, written price quotations, or other documents related to BCAP. Records will be maintained and retained for no less than three years from the date of payment for eligible material purchases.;**
 - (iii) To the extent not otherwise specifically required under this Application and Agreement, provide to USDA such information as USDA determines appropriate to facilitate USDA making matching payments to eligible material owners delivering eligible material to the Applicant Facility;**
 - (iv) Provide or maintain access to and use of commercial weight scales that are certified for accuracy by applicable State or local authorities and accurate moisture measurement equipment to facilitate the determination of the dry-ton weight equivalent of actual tonnage delivered. Woody material dry ton weight is determined in accordance with applicable ASTM (American Society for Testing and Materials) standards.;**
 - (v) Permit upon request by USDA an inspection of biomass deliveries.;**
 - (vi) Maintain and submit evidence of compliance with all applicable Federal, State, tribal, and local environmental, health, and safety laws, regulations and ordinances;**
 - (vii) Purchase eligible material at a fair market price that is consistent for similar products regardless of whether or not the seller participates in BCAP or if the seller and purchaser are related entities.**
 - (viii) Ensure that all of the elements of the List, as described above, appear on each receipt issued at time of delivery or invoice issued at time of payment.**
 - (ix) Promptly notify the FSA contact in paragraph C of Section VII of any material changes in operations that could impact its operation, which include, for example, a change in biomass utilization, or any other operational changes that may affect input and/or output capacity.**
 - (x) Issue no settlement sheets for the purchase of eligible material that is commingled with ineligible materials.--***

70 Qualified BCF's (Continued)

A Overview (Continued)

- (xi)*--Receive no payments or reimbursements from eligible material owners that are related to the eligible material matching payment, nor impose any requirement that the eligible material owner pay a portion of the BCAP matching payment as a kickback, value-share, or similar payment, nor charge the eligible material owner any administrative or similar fee.
 - (xii) Receive no payments or reimbursements from USDA in connection with this Application and Agreement, nor in connection with any of the activities contemplated hereunder.
 - (xiii) Allow USDA to release to the general public, including eligible material owners, the following information: name of the facility; location of the facility (physical address); email address and phone number of the facility; types and quantities of eligible material the Applicant Facility may process; and when eligible material is received. The information collected on this Application and Agreement may also be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) without written permission. The release of any additional information by USDA shall only be with the written permission of the Applicant Facility.
- (b) For a qualified biomass conversion facility, CCC can:
- (1) Develop and maintain a list of all participating QBCFs;
 - (2) Conduct periodic compliance reviews of the participating QBCFs; and--*
 - (3) Suspend, terminate, or take other actions as appropriate when CCC determines a qualified biomass conversion facility fails to comply with the agreement

For EMO to qualify for a matching payment for the delivery and sale of eligible material to BCF, the receiving BCF must first become qualified under BCAP. To become qualified, the eligible BCF must enter into an agreement with CCC and submit related forms and documents according to subparagraphs 71 A and C, to the FSA State Office in the State where the facility is primarily physically located.

The qualifications provided to facilities under the earlier BCAP NOFA are **not** applicable for the new matching payment component of BCAP.

All facilities seeking to support matching payments for the biomass suppliers **must** obtain *--new qualifications according to this handbook and other current directives.--*

70 Qualified BCF's (Continued)

B QBCF Limitation

By becoming QBCF, the facility does not qualify itself for any matching payment or other direct program benefits. Qualification of BCF allows EMO who delivers eligible material to QBCF to potentially qualify for matching payments.

Note: There are some circumstances where QBCF can also be EMO and receive matching payments according to subparagraph 71 D.

71 Qualifying BCF's

A Eligibility for Qualification

To be eligible for qualification, BCF must:

- convert or propose to convert the eligible material for which matching payments are *--issued to heat, power, biobased products, research, or advanced biofuels--*

Notes: If converting eligible material biomass into any biobased products, those products must meet the definition of biobased product, according to this handbook, and all of the following standards as determined by DAFP:

- meet the minimum biobased content threshold for appropriate item classification
- **not** have significant national market penetration as of 1972.

Biobased products are not limited to but may be listed in the Biobased Products Catalog available at www.biopreferred.gov. Products not listed need to be submitted to the BCAP Program Manager for consideration.

*--If converting for the purposes of research, the research **must** be explicitly related to the commercialization of production of heat, power, biobased product or advanced biofuels.--*

71 **Qualifying BCF's (Continued)**

A Eligibility for Qualification (Continued)

- *--maintain and meet all necessary regulatory and permitting requirements by applicable Federal, State, tribal, and local authorities and submit copies of such permits with BCAP-1--*

Note: For lengthy permits, the State Office may authorize submission of only key permit pages, provided that the key page submission includes permit title, number, expiration date, name of permit holder, agency issuing permit, and agency authorized signature.

- be physically and entirely located in the U.S.

Note: Delivery, as determined by CCC, to a facility's campus, off-site delivery location, or affiliated facility must be located within the U.S.

- agree, in writing, when purchasing eligible material to always pay fair market price according to subparagraph D

71 Qualifying BCF's (Continued)

A Eligibility for Qualification (Continued)

- agree **not** to pay for eligible material with any additional payments which are not included in the dollar per dry ton rate, including side agreement payments, general handling payments, or any other payments not included in the dollar per dry ton rate, **regardless** of normal industry practices
- enter into a separate agreement with CCC when a parent company has **any** of the following:

- facilities in multiple States

Note: The agreements must be with each State in which facilities are located.

- multiple facilities at different locations within 1 State
- separate biomass conversion operations using separate and distinct biomass conversion technologies at a single location
- subsidiaries or other legally affiliated entities which process biomass at the same location

Notes: Separate agreements may also be required for other circumstances if determined necessary by DAFP.

CEPD will issue unique facility ID numbers to each qualifying BCF.

- *--retain records that include, but are **not** limited to, spreadsheet, books, papers, records, contracts, scale tickets, settlement sheets, invoices, written price quotations, or other documents related to BCAP.

Note: Records will be maintained and retained for no less than 3 years from the date of payment for eligible material purchases.--*

- agree to allow USDA to periodically inform the public that payments may be available for deliveries of eligible material to such QBCF, to promote the existence of the facility and make general information about the facility, and its biomass needs, available to the public to help foster development of open markets for renewable biomass
- agree to use commercial weight scales that are certified for accuracy by applicable State *--or local authorities and accurate moisture measurement equipment to facilitate the determination of the dry-ton weight equivalent of actual tonnage delivered

Note: Woody material dry ton weight is determined in accordance with applicable ASTM standards.--*

71 Qualifying BCF's (Continued)

A Eligibility for Qualification (Continued)

- agree to permit an inspection of biomass deliveries upon request by USDA, CCC, or FSA
- agree to calculate a total dry weight tonnage equivalent to the actual tonnage delivered
 - *--using accurate moisture measurement equipment and applicable ASTM standards and--*
 - provide that measurement to EMO for each load on the scale ticket or equivalent settlements sheets
- agree to operate BCF's and conduct all eligible material purchases according to terms and conditions in the Agreement and related forms
- agree, in writing, when purchasing eligible material using a written sales contract or binding LOI, and to purchase only on a dollar per dry ton weight equivalent basis, and agree to provide EMO a signed scale ticket or equivalent settlement sheets which include scale ticket information; clearly indicating the following for each load:
 - actual green tonnage delivered
 - *--total dry weight tonnage equivalent to the actual tonnage delivered using accurate moisture measurement equipment and applicable ASTM standards and--*

Note: When scale tickets are provided instead of a settlement sheet, the dry weight tonnage may be provided on the scale ticket or other invoice.

- date of delivery
- the certified scale ticket number
- price per dry ton actually paid
- type of eligible material biomass delivered
- for each scale ticket or each settlement sheet submitted:
 - an authorized signature (original, electronic, or stamped)
 - unique facility ID number

Note: A copy of the signed scale ticket or settlement sheet including scale ticket information **must** be provided to EMO.

71 Qualifying BCF's (Continued)

A Eligibility for Qualification (Continued)

- agree to maintain a BCAP Purchase List for all biomass purchased which contains all the items listed in the sample purchase list available in Exhibit 11 and at www.fsa.usda.gov/BCAP

Note: If settlement sheets, including scale ticket information, are used instead of attaching scale tickets to the settlement sheets, BCF may obtain this information from the BCAP Purchase List.

- agree to the terms and conditions of Agreement, AD-1047, and related documents

Note: AD-1047 will require the owners of applying BCF's to certify that the applying facility and its principals are in compliance with 7 CFR Part 3017 and not subject to disbarment or suspension.

- agree to not discriminate against EMO's based on race, color, national origin, sex, religion, age, disability, political beliefs, and marital or familial status, or affiliation/nonaffiliation with farmer/participant cooperatives, or other business arrangements.

Note: A fillable QBCF Agreement is available at www.fsa.usda.gov/BCAP. Related BCAP-1 and AD-1047 must be completed and signed by BCF and submitted to the State Office.

* * *

71 Qualifying BCF's (Continued)

B BCF Qualification Required Documents Summary

To become qualified, BCF must provide **all** of the following completed items to the State Office:

- QBCF Agreement (2 copies with original signatures)
- BCAP-1 (2 copies with original signatures)
- AD-1047 (1 copy with original signatures)
- copies of all environmental, health, safety, and business permits and licenses, required by local Governments, Tribal Governments, State Governments, and the U.S. Federal Government

Notes: A fillable QBCF Agreement, BCAP-1, and AD-1047 are available at www.fsa.usda.gov/BCAP.

No changes are authorized to the preprinted text on the QBCF Agreement, BCAP-1, or AD-1047.

- *--the attachment to BCAP-1 **must** include information about the expected dry ton consumption by the facility of the targeted or prioritized eligible material for the duration of the agreement or applicable fiscal year

Notes: Dry ton consumption estimates **must** be reported using ASTM standards on BCAP-1 when BCAP-1 is submitted. Some 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 **must** be recorded by the qualified BCF's on EMO's settlement sheets or scale tickets.--*

- for lengthy permits, the State Office may authorize submission of only key permit pages, if the key page submission includes permit title, number, expiration date, name of permit holder, agency issuing permit, and agency authorized signature.

71 **Qualifying BCF's (Continued)****D Fair Market Value Price Requirement for Eligible Material Purchases**

The requirement that BCF's pay fair market value for all eligible material is applicable to nonrelated party transactions and related party transactions.

Fair market pricing should be consistently reflected on the binding LOI or contract with EMO's, the BCAP Purchase List, and settlement sheets provided to EMO's according to deliveries.

QBCF that is also EMO, and is able to purchase eligible material internally, based on a related party commercial sale transaction; agrees to pay rates outlined in sales contracts, and actually paid by QBCF's to the related party EMO at current market value rates per dry ton for the various types and qualities of biomass.

***--Note:** Contracts **must** include the applicable ASTM standard for determining the dry ton weight and if woody materials, whether woody materials are agricultural residue or forestry residue, will be consumed by BCF.--*

State Offices shall consult with QBCF's to determine current fair market price per dry ton by material type as part of estimating allocation needs. These price estimates shall be evaluated for reasonableness in consultation of State forestry authorities or other authorities and transmitted to the BCAP Program Manager. The collection of fair market prices gathered in this manner will be used as basis of comparison in any spot check of QBCF material purchases.

Fair market prices must be the rates QBCF makes available and pays to all other biomass suppliers, regardless of BCAP participation.

Notes: This requirement for QBCF's to pay fair market prices to all sellers of biomass includes payments from cooperatives to members and nonmembers.

Failure to pay fair market values to EMO's will likely result in disqualification of QBCF.

72 Facility Public Information Provisions

A National Outreach

The National Office shall maintain a listing of QBCF’s for general public access and distribution that may include general information about the facility and its eligible material needs.

B State and County Outreach

State and County Offices in the region of QBCF shall routinely announce QBCF locations and general eligible material needs.

73 SED Authority for Sign Agreements for Tentative Qualification Approval

A Signing BCAP Agreements

SED’s, or designee, are delegated authority to sign QBCF Agreements only after all of the following have occurred:

- State Office reviews submission for qualification
- BCF submits all necessary documents to the State Office and meets all the requirements for qualification.

SED’s, or designee, shall perform the following:

- review submissions for qualification
- contact BCF if there is missing, incomplete, or inaccurate data

Notes: Only QBCF Agreements that are complete and accurate may be approved by SED *--and submitted to the BCAP Program Manager for selection and assignment of--* facility number.

Incomplete QBCF Agreements submitted to the BCAP Program Manager will be returned to SED. * * *

- sign complete QBCF Agreements that meet all submission requirements.

Note: The QBCF Agreement will **not** become effective until a facility ID number is assigned by CEPD.

B Transmitting QBCF Agreements to the National Office

--SED or designee shall send the completed BCAP-1 that contains all the required documents by e-mail to Kelly Novak at kelly.novak@wdc.usda.gov, on the date SED signs BCAP-1 and agreement.--

73 SED Authority for Sign Agreements for Tentative Qualification Approval (Continued)

B Transmitting QBCF Agreements to the National Office (Continued)

*--All complete BCAP-1's and SED-signed agreements **must** be e-mailed to the National Office by noon e.t. on the date of transfer with the subject line, "**BCAP Application**".--*

State Office **must** maintain official copies of all approved and disapproved QBCF Agreements.

C Notifying BCF of Approval or Rejection

*--SED or designee **must** notify BCF, in writing, of the State or National Office's approval or rejection of BCAP-1.

See Exhibit 12 for an example notification letter for response to BCF's not qualified by the National Office.--*

74 Approving QBCF Agreements

A Approval Timeline

If the completed electronic versions of Agreement and all related forms and documents required by subparagraph 71 C are deemed acceptable by DAFP, the final approval will be issued by assigning a unique QBCF ID number, and providing copies of QBCF Agreements to the facility and the State Office.

--Timelines for approval, specific actions, and date assignments will be provided by notice, as applicable.--

B Agreement Effective Date

The Agreement is approved when both BCF authorized representative and SED sign the *--Agreement, but is **not** effective until a unique QBCF ID number is assigned by the National Office.--*

75 Outreach for QBCF's

A Public Release

State Offices will periodically inform the public that matching payments may be available for deliveries of eligible material to QBCF's in that State.

B List of QBCF's

The National Office will maintain a publicly-available web-based listing of QBCF's for general public access and distribution that may include general information about the facility and its eligible material needs.

76 Disqualifying a Previously QBCF

A Disqualification Action

FSA will suspend, terminate, or take other actions as appropriate when QBCF fails to comply with the QBCF Agreement. See paragraph 229 for additional information about fraud, waste, or abuse.

B Consequences of Disqualification

If QBCF fails to comply in full with all of the terms and conditions of the QBCF Agreement, some or all of the following may apply:

- QBCF will reimburse CCC with interest for all matching payments to all persons or legal entities that received payments for any eligible material during the period the facility was not in compliance with the QBCF Agreement
- subsequent deliveries made to the disqualified QBCF will **not** be eligible for matching payment.

77 Handling QBCF Ownership, Operational Changes

A Notifications From QBCF

QBCF must immediately notify SED, in writing, of any changes in operations that could impact the nature of its operation. Failure to immediately notify FSA of the change may result in suspension or termination of the QBCF Agreement. For example, typical changes include:

- biomass type needs change and new types were not listed in the QBCF Agreement forms
- location changes
- name changes
- operation/management changes
- ownership changes
- biomass usage changes or other operational changes that may affect input or output capacity.

Section 2 Eligible Material

120 Overview and Eligible Material * * *

A Overview

Matching payments may be available for eligible materials. Not all renewable biomass is eligible material for BCAP and not all eligible material will qualify for matching payments.

B Eligible Material * * *

To be determined to qualify for a matching payment, COC must determine that the biomass for which a matching payment is being sought meets **all** of the following requirements:

- meets the definition of eligible material, according to Exhibit 2
- ~~is consistent with the guidance provided in the eligible material targets in the specified signup period on FSA's BCAP web site~~*
- meets the requirements of 7 CFR Part 1450 and this paragraph.

~~Note:~~ The eligible material targets are subject to periodic updates and may be found atwww.fsa.usda.gov/BCAP.

121 Eligible Material Provisions

A Qualifying Material Collection and Harvesting Requirements

~~To be determined to qualify for a matching payment by COC, COC must determine that the biomass for which the matching payment is being sought according to all applicable signup procedure and collected or harvested~~*

- by EMO directly from any of the following:
 - FS land
 - BLM land
 - non-Federal land
 - land belonging to an Indian or Indian tribe that is held in trust by the U.S. or subject to a restriction against alienation imposed by the U.S.

Notes: Non-Federal land includes land owned by State and local Governmental entities in addition to privately owned land.

Material from other Federal land is **not** eligible.

121 Eligible Material Provisions (Continued)

A Qualifying Material Collection and Harvesting Requirements (Continued)

- by EMO, consistent with a conservation, forest stewardship, or equivalent plan

*--**Note:** FSP's for forestry residues in the National Forest System may be the approved environmental analysis and/or the Environmental Impact Statement, both of which are done under a Forest Land Management Plans.--*

- in a manner that does **not** introduce or spread invasive species

Note: Executive Order 13112 provides, among other things, that Federal Agencies not authorize, fund, or carry out actions that it believes are likely to cause or promote the introduction or spread of invasive species in the U.S. or elsewhere.

- *--**on or after** the date of the publication of February 7, 2014.--*

B Additional Eligible Material Qualifications for Woody Material

To be determined to qualify for a matching payment by COC, woody material that is collected or harvested from land other than project area contract acreage is subject to *--additional requirements and **must** meet the following requirements:

- woody materials maybe agricultural or crop residue, such as orchard waste, that does **not** have an existing higher-value product market, such as mulch, fiberboard, nursery media, lumber, or paper
- woody materials only from public forestland

Notes: The eligible woody materials **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 market in that region.--*

Matching payments are **not** authorized for woody biomass from private forest land at this time; however, directives are forthcoming.

121 Eligible Material Provisions (Continued)**B Additional Eligible Material Qualifications for Woody Material (Continued)**

- *--must be harvested or directly from the land according to an approved forest stewardship or equivalent plan
- if collected or harvested from eligible Federal public lands that approved forest stewardship or equivalent plan, must be evaluated by TSP, the FS district ranger or designee or BLM forester, for certification that the woody material to be harvested or collected is a by-product of a preventative treatment.

Note: State Offices shall work directly with applicable FS contract officers and BLM Field Office managers to obtain GIS shapefiles, where needed, and the certification for the County Office after EMO submits BCAP-10 for BCAP matching payments. See Exhibits 16 for FS and BLM evaluation sheets.--*

C Other Eligible Material Qualifications

To qualify for a matching payment by COC, all material **must** be handled in a manner so that it can be directly associated with CLU from which it was obtained. Additionally, all material must **not**:

- be material collected or harvested **outside** contract acreage that must be separated from material used for a higher-value product after delivery to BCF
- change ownership before delivery to QBCF.

121 Eligible Material Provisions (Continued)**D Other Land Requirements for Eligible Material**

When eligible material is collected and harvested from:

- CRP contract acreage, it **must** be harvested or collected under CRP's managed haying and grazing requirements according to 2-CRP, Part 13
- land enrolled under other Federal program, * * * **must** be harvested or collected according to provisions allowed by those programs
- other State, local Government, and Native American land, * * * **must** be harvested and collected according to all applicable Federal, State, and local laws and regulations.

122 Nonqualifying Eligible Materials**A Nonqualifying Regardless of Eligibility Provisions**

Any of the following does **not** qualify for a matching payment:

- intermediate ingredients and feedstocks, including any material generated by any type of factory or processing facility, including:
 - intermediate QBCF's
 - food processing facilities
 - other facilities that use plant materials
 - a waste handling facility
 - any other industrial plants
 - other related facilities

Note: These materials do **not** qualify for payment because eligible material was **not** collected or harvested directly from land.

- any material harvested or collected in a manner other than consistent with the conservation, forest stewardship, or equivalent plan

122 Nonqualifying Eligible Materials (Continued)

A Nonqualifying Regardless of Eligibility Provisions (Continued)

- any material, harvested outside of contract acreage, delivered to QBCF in a load where some part of that load will be used for a higher-value product

Note: See Exhibit 2 for a definition of higher value product.

Exception: *De minimis* amounts of normally occurring foreign material, including minimal amounts of Title I commodities listed under 8-LP, paragraph 225 or 7-CN, or related matter in a load resulting from normal industry biomass harvesting and collection practices, may qualify for matching payment.

- any material that will **not** or was **not** used at QBCF to produce heat, power, advanced biofuels, or bio-based products

* * *

- any material harvested or collected from a field (CLU), or from any designated parts of field (CLU), or fields, for which COC determines does **not** meet all eligible material requirements according to paragraph 121

Examples: On a 100-acre CLU with a mixed stand of pines and hardwoods, a forester has determined that a portion of the pine trees must be removed to contain an outbreak of pine-bark beetles. Those pine trees that must be removed to address the infestation meet the matching payment qualification that **--eligible material be harvested for the purpose of controlling an insect infestation. The other pine trees and the hardwoods on that CLU that--** do **not** have to be harvested to address the infestation, do **not** meet that qualification.

- any material harvested or collected from land not located within the U.S.
- any material for which a matching payment has already been requested
- *--any individual who has already received a total of 2 years' worth of matching payments (paragraph 124).--**

123 EMO's

A EMO Requirements

[7 CFR 1450.102] Eligible material owner.

- (a) In order to be eligible for a payment under this subpart, a person or legal entity must:
- (1) Be a producer of an eligible crop that is produced on contract acreage authorized by subpart C of this part; or
 - *(2) Have the legal right to collect or harvest eligible material and such person may only receive payment if the risk of loss for the material transferred to that person occurred prior to the time the payment is made that will be used to determine the matching payment that is requested under this subpart; and
 - (3) Certify that the eligible material for which a payment may be issued according to *§1450.106 has been harvested according to an approved conservation plan, forest stewardship plan, or equivalent plan, and, if not agricultural residues, are byproducts of preventative treatments that are removed to reduce hazardous fuels, to reduce or contain disease or insect infestation.
- (b) Be qualified biomass conversion facility that meets the requirements of--* paragraph (a) of this section may be considered an eligible material owner if it otherwise meets the definition in this part.

Under the matching payments provision of BCAP, any owner of eligible material, inside or *--outside a project area, can be considered an EMO. EMO's must have the legal right to--* harvest or collect material from land and be either of the following:

- person or legal entity who assumes the risk of loss for the eligible material
- producers of an eligible crop on land enrolled under BCAP-24.

When land ownership has **not** been determined at the time BCAP-10 is submitted to the County Office, use 3-CM to determine land ownership before approving BCAP-10.

A nonlandowner must provide, to the County Office, a copy of a written permit, contract, or agreement from the landowner that authorizes the transfer of ownership of the eligible material for each CLU/field where eligible material is to be harvested or collected.

*--**Note:** EMO's presenting public land contracts with FS or BLM should provide only the information needed to complete the TSP evaluation sheet. FSA State Offices shall work directly with applicable FS contract officers and BLM Field Office managers to obtain FSP evaluation certification for FSA County Offices after EMO submits BCAP-10 for BCAP matching payments. See Exhibit 16 for FS and BLM evaluation sheets.--*

A person or legal entity submitting BCAP-10 or BCAP-11 is affirming that the person or legal entity is an eligible EMO. FSA may, at any time before or after processing a payment, *--request the person or legal entity to provide appropriate documentation substantiating the--* certifications on BCAP-10 and BCAP-11.

123 EMO's (Continued)

A EMO Requirements (Continued)

EMO's **must**:

- *--certify that the eligible material, if agricultural residue, has been harvested or collected consistent with an approved conservation plan and, if woody, certify that the material has no existing higher product value market
- certify that the eligible material, if forest residue, has been harvested or collected consistent with an approved forest stewardship or equivalent plan and that the material has no existing higher product value market--*
- retain records for each load of eligible material documenting the location of the FSA CLU's/fields from which the biomass was harvested and collected
- harvest or collect eligible material directly from land
- *--be in compliance with 6-CP HEL and WC provisions, if applicable--*
- apply for a matching payment at the County Office on BCAP-10

Note: Multiple payment requests using BCAP-11 may be submitted for a single approved BCAP-10 when incremental payments are requested for incremental *--deliveries of loads associated with a single approval.--*

- submit accurate and complete information when submitting BCAP-11 requesting payment
- be determined to be within the 2-year maximum payment duration limit
- *--**Note:** See paragraph 124.--*
- **not** be a Federal Agency, Federal Department, or any other Federal entity.

Exception: A payment may be issued to BIA on behalf of tribes according to 1-CM.

123 EMO's (Continued)

B EMO Eligibility for Matching Payments

To be eligible for matching payments as EMO, a person or legal entity:

- can be a State, tribal, county, or other local governmental entity, or foreign owner, provided all other eligibility criteria are met
- can be QBCF, provided all other eligibility criteria are met
- can be a person or entity other than a land owner, provided they acquire ownership of the eligible material **before** it is harvested and collected in the field
- can be EMO and use a third party to conduct the actual collection or harvesting and/or handling and delivery of the eligible material, provided those parties do **not** own the material
- **cannot** be a depot operator, aggregator, consolidator or similar person or entity if they were not responsible for the collection or harvest of materials delivered to QBCF
- ***--must**, in the case where QBCF indicated on their BCAP-1 changes to ownership, **--*** request a new BCAP-10 reflecting a new binding contract with the new owner.

Note: Neither AGI nor controlled substance provisions apply to EMO's.

124 2-Year Payment Duration Limit

A General Rule

--For any EMO, matching payments are only authorized for a 2-year (730 calendar day)-- duration beginning the date that CCC issues the first matching payment to that EMO. EMO's may deliver eligible material for the entire 2-year period, provided that BCAP-10 has been approved. The 2-year eligibility period begins the day the first payment is issued to EMO. BCAP-10's for eligible material delivered during the 2-year period **must** be approved by FSA **before** the 2-year period ends.

--Notes: Consistent with the statute, deny any requests for matching payments from any-- EMO for which the 2-year period has been exceeded. Provide appeal rights according to 1-APP.

Reorganizing an entity to evade the 2-year duration may be considered a scheme and device.

The date the first payment is issued is the date the County Office submits the payment to NPS.

*--The eligibility period will not include any BCAP matching payments received before May 28, 2015.

B BCAP Matching Payment Provisions

For any EMO, the 2-year period must be determined by calculating the number of--* calendar days between the date that CCC issued the first payment and the date last payment was issued under NOFA. Subtract that amount from 730 calendar days. The result is the number of days that matching payments may be authorized for that EMO according to this *--paragraph. If a single payment was issued, subtract a single day from the 2-year period.--*

Note: The 2-year duration must be manually controlled by County Offices.

--The eligibility period will not include any BCAP matching payments received before May 28, 2015.--

125 Completing BCAP-10's**A Overview**

EMO will use BCAP-10 to enter application for payment, approval, and payment under BCAP's * * * matching payment component. BCAP-10 **must** be:

- completed and approved **before** EMO makes a delivery of eligible material, if the owner wants to obtain a matching payment for the delivery
- submitted with required supplement documentation at the appropriate FSA County Office.

Note: The appropriate administrative FSA County Office where EMO will submit the BCAP-10 and documentation is determined by the following:

- if EMO already has existing farm records at a particular FSA County Office, that FSA County Office will be the office where EMO submits BCAP-10
- if EMO does **not** have existing farm records in a FSA County Office, the county where field or CLU is located and on which the collection or harvest takes place will determine the FSA County Office where EMO will submit BCAP-10
- if the collection or harvest occurs on national forest or BLM lands, it will be the FSA County Office geographically nearest to the Federal lands unless otherwise previously designated in a specific county.

125 Completing BCAP-10's (Continued)

A Overview (Continued)

EMO **must** submit the following additional items to support BCAP-10:

•*--1 of the following:

- approved conservation plan
- approved FSP or environmental analysis
- approved equivalent plan

Note: A new or amended conservation plan may be necessary and must be obtained **before** a collection or harvest is executed for the material to be eligible for matching payments.

- evaluation sheet (Exhibit 16), for routing by the FSA State Office to TSP is required for existing FSP's or environmental analysis--*

* * *

- proof of material ownership
- BCF and EMO agreements.

Note: A fully executed binding contract or LOI between QBCF and EMO showing contract time period or dates of delivery, expected eligible material delivery in dry tons and green tons, name of EMO, name of QBCF, and price per dry ton or dollar range per dry ton to be paid on delivery.

*--125 Completing BCAP-10's (Continued)

C Example of BCAP-10 (Continued)

BCAP-10 (01-05-11)		CONTINUATION OF ITEM 10	
PART D - PLANNED DELIVERY OF MATERIAL			
10A. Type of Material ACCS	10B. Proposed Quantity of Material to be Delivered to QBCF (Dry Tons) 52.00	10C. Proposed Price (\$/Dry Ton) \$ 40.94	10D. Maximum Total Matching Payment \$ 2128.88
10E. State FSA Code 00	10F. County FSA Code 000	10G. Farm Number (For FSA Office Use Only) 0000	10H. Tract Number (For FSA Office Use Only) 0000
10I. CLU Number (For FSA Office Use Only) 1	10J. Plan Type C	10K. Plan Completion Date (MM-DD-YYYY) 02-01-2011	10L. Harvest Date (MM-DD-YYYY) 10-15-2010
10A. Type of Material ACCS	10B. Proposed Quantity of Material to be Delivered to QBCF (Dry Tons) 54.00	10C. Proposed Price (\$/Dry Ton) \$ 40.94	10D. Maximum Total Matching Payment \$ 2210.76
10E. State FSA Code 00	10F. County FSA Code 000	10G. Farm Number (For FSA Office Use Only) 0000	10H. Tract Number (For FSA Office Use Only) 0000
10I. CLU Number (For FSA Office Use Only) 1	10J. Plan Type C	10K. Plan Completion Date (MM-DD-YYYY) 02-01-2011	10L. Harvest Date (MM-DD-YYYY) 10-15-2010
10A. Type of Material	10B. Proposed Quantity of Material to be Delivered to QBCF (Dry Tons)	10C. Proposed Price (\$/Dry Ton) \$	10D. Maximum Total Matching Payment \$
10E. State FSA Code	10F. County FSA Code	10G. Farm Number (For FSA Office Use Only)	10H. Tract Number (For FSA Office Use Only)
10I. CLU Number (For FSA Office Use Only)	10J. Plan Type	10K. Plan Completion Date (MM-DD-YYYY)	10L. Harvest Date (MM-DD-YYYY)
10A. Type of Material	10B. Proposed Quantity of Material to be Delivered to QBCF (Dry Tons)	10C. Proposed Price (\$/Dry Ton) \$	10D. Maximum Total Matching Payment \$
10E. State FSA Code	10F. County FSA Code	10G. Farm Number (For FSA Office Use Only)	10H. Tract Number (For FSA Office Use Only)
10I. CLU Number (For FSA Office Use Only)	10J. Plan Type	10K. Plan Completion Date (MM-DD-YYYY)	10L. Harvest Date (MM-DD-YYYY)
10A. Type of Material	10B. Proposed Quantity of Material to be Delivered to QBCF (Dry Tons)	10C. Proposed Price (\$/Dry Ton) \$	10D. Maximum Total Matching Payment \$
10E. State FSA Code	10F. County FSA Code	10G. Farm Number (For FSA Office Use Only)	10H. Tract Number (For FSA Office Use Only)
10I. CLU Number (For FSA Office Use Only)	10J. Plan Type	10K. Plan Completion Date (MM-DD-YYYY)	10L. Harvest Date (MM-DD-YYYY)

--*

126 **Completing BCAP-11's**

A Overview

EMO's must use BCAP-11 to request matching payment after approval of BCAP-10 and deliveries of eligible materials have been made. BCAP-11 will be automatically populated by the BCAP matching payment software. Matching payments are EMO's participating in BCAP's * * * matching payment component. BCAP-10 **must** be:

- completed and approved **before** EMO makes a delivery of eligible material
- submitted with appropriate proof of delivery and scale ticket documentation
- submitted with the required supplement documentation at the FSA County Office where the associated BCAP-10 was filed.

B Completing BCAP-11

Item	Description
1A	Control number assigned by the automated system.
1B	State and County code as assigned by FSA.
2	Expiration date of the associated BCAP-10. The expiration date should correspond with BCAP-10, item 2.
3	Identification number on the settlement sheet from QBCF issued to EMO at the time of payment for the delivery.
4	Date on the settlement sheet for an individual delivery.
5	Single type entry that corresponds with: <ul style="list-style-type: none"> • a material type on the binding contract or LOI that EMO has with BCF • the material type selected on BCAP-10, item 10A. Component codes used for BCAP-10, item 10A will be used for this entry.

Section 7 QBCF Violations

229 Violations of QBCF Application and Agreement

A Overview

QBCF may not require EMO to pay kickbacks, value shares, administrative fees, or similar payments. Only those fair market price-based amounts per dry ton may be transacted between QBCF and EMO, regardless of traditional industry standards. The arrangement of any other payments, or nonmonetary transfers, related to the sale of biomass is considered a scheme under BCAP and is prohibited.

Note: This pertains to all eligible material purchases by EMO regardless of whether matching payment will be sought the owner.

B Unauthorized Actions

Examples of actions that may defeat BCAP's purpose include, but are not limited to the following:

- requiring EMO to receive BCAP matching payment to pay any type of fee associated with participation in BCAP, such as an "administrative fee"
- requiring EMO's to return any portion of their matching payments to BCF for any reason, also known as "kick-backs" or "value-shares"
- colluding with EMO's to purchase material for prices above or below the fair market price, whether the real prices are fully documented or not
- colluding with EMO's to purchase ineligible material
- *--requiring EMO's to give matching payments to wholly or partially owned subsidiaries--* of QBCF, such as subsidiaries that harvest or transport material
- requiring or allowing EMO's to do anything for QBCF other than deliver EMO according to the sales agreement or LOI.

229 Violations of QBCF Application and Agreement (Continued)

C Penalty for Violations

QBCF's found to be engaging in BCAP violations will have their qualification revoked and will be subject to other penalties, as provided for in Agreement, Part VII, Section I.

D Audits by OIG

If requested by OIG, QBCF's will be required to supply information necessary to ensure proper compliance with BCAP policy and procedure.

E Reporting Violations

County Offices shall inform the State Office of any BCF's believed to be engaging in BCAP violations. SED shall inform the BCAP Program Manager of any BCF's believed to be engaging in BCAP violations.

230-245 (Reserved)

Part 4 Project Area Management

Section 1 Establishment and Annual Rental Payments Under Project Areas

246 Project Areas

A Overview

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 new biomass feedstock.

Approval of project areas will be based on the establishment and expansion of new or developing biomass feedstocks and conversion processes. Project area applications determined to have been developed to circumvent qualifications for matching payments outside project areas will not be approved.

On a voluntary basis, project proposals are submitted by project sponsors to propose the designation of a defined geographic area to become a project area.

Upon designation of a project area, certain producers within the project area are then eligible to enroll contract acreage to receive:

- up to 5 years of annual rental payment for herbaceous annual and perennial crop production
- *--not more than 50 percent reimbursement for the establishment costs covered by the contract, not to exceed \$500 per acre for woody and nonwoody perennial crops
- for SDA farmers and ranchers, not more than 50 percent reimbursement for the establishment costs covered by the contract, not to exceed \$750 per acre for woody and nonwoody perennial crops.--*

247 Submission Overview

A Proposals

*--Project proposal submission begins when a project sponsor responds to a BCAP project area RFP and submits a project proposal to the State Office on **grants.gov** for review.

Project proposals are accepted on a continuous basis over a specific period of time stated in RFP.--*

B Limitations

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 for annual and/or establishment payments.

248 Project Sponsor

A Project Sponsor Qualifications

A project must be proposed by a project sponsor that **must** be either:

- a group of producers
- BCF.

Note: See Exhibit 2 for the definition of BCF.

249 Federal Incentives

A Assistance Available for Contract Acreage in Project Areas

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

249 Federal Incentives (Continued)

A Assistance Available for Contract Acreage in Project Areas (Continued)

- annual rental payments for up to either:
 - 5 years for annual and perennial crops
 - 15 years for woody biomass

Note: 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 NIPF
 - for forest land, the average county rental rate for cropland as adjusted for forest land productivity for NIPF
 - any incentive payment as determined by CCC, as applicable.
- *--establishment assistance of not more than 50 percent, not to exceed \$500 per acre, or for SDA farmers and ranchers, not to exceed \$750 per acre, of the eligible establishment costs covered by the contract for perennial crops on acres enrolled in BCAP--*

Note: If the crop fails and the producer is not at fault, assistance to re-establish eligible crops may be available.

Example: Jane Producer establishes switchgrass, which later failed because of a *--drought. Generally, cost-share assistance could be available to--* re-establish the crop.

- matching payments for qualifying eligible material delivered to QBCF.

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

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

250 Project Proposal Submission

A Required Proposal Elements

*--A project sponsor must submit a complete proposal to the **grants.gov** web site that--* includes **all** of the following:

- a project proposal (Exhibit 20)
- 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.

B Required Proposal Attachments

Proposals must contain **all** of the following attachments.

- 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 GIS shapefile with specific geographic boundaries physically located within the--* U.S., described in definite terms; such as watershed boundaries, mapped longitude and latitude coordinates, major highway, region, or counties.
- The project sponsor shall provide a GIS shapefile for the proposed project area that defines each project area boundary as a polygon or set of polygons. A GIS shapefile contains the following component files:
 - *--“dbf”, attribute data
 - “prj”, projection information
 - “shp”, shape format of feature geometry
 - “shp.xml”, geospatial metadata
 - “shx”, shape index format.--*

The shapefile shall be named, “bcap_<code>_a_<prj >.shp”. The “code” is an abbreviation for the full BCAP project area name, and “prj” is the type of projection.

250 Project Proposal Submission (Continued)

A Required Proposal Elements (Continued)

The following illustrates how shapefiles for a hypothetical BCAP project area named Energy Crop All (eca) that are in a Geographic Coordinate System (gcs) would be named:

- bcap_eca_a_gcs.dbf
- bcap_eca_a_gcs.prj
- * * *
- bcap_eca_a_gcs.shp
- bcap_eca_a_gcs.shp.xml
- bcap_eca_a_gcs.shx.

***--Note:** Submit all shapefiles in the Projected Coordinate System, Universal Transverse Mercator System.--*

Shapefile creators should retain multiple polygons and identifying attributes if the file created is based on a feature set such as counties or watershed boundaries. Do **not** merge separate polygon features into 1 large polygon.

The following attributes should be included within the polygon shapefile provided.

Name	Type	Length	Data Example
FID	Object Id	Default	
Shape	Polygon	Default	
Type	Text	25	BCAP
Name	Text	255	Energy Crop All
Code	Text	10	Energy Crop All

The project sponsor shall zip the files and submit the files with the project area proposal.

The zipped file shall include the State name where the majority of the project area is located and the BCAP project area name.

Notes: The shapefile will outline the geographic area eligible for enrollment.

See paragraph 254 for types of land within a project area that are eligible and ineligible to be offered for enrollment in a BCAP contract.

If BCF is **not** operational at the time the project area proposal is submitted, an attachment with evidence that BCF has sufficient equity available to operate is also required.

250 Project Proposal Submission (Continued)

C Other Minimum Requirements for Acceptable Project Proposals

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 SDA 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
- *--intended outreach plan for producer signup
- EA, if applicable.

Notes: If a proposal's project sponsor is unsure whether or not EA is required, the sponsor should contact the FSA National Environmental Compliance Office for guidance. Under no circumstances can the State Office provide an expert opinion as to the necessity for or against the EA requirements. State and County Offices shall direct all inquiries about EA's to Nell Fuller, FSA National Environmental Compliance Office, at either of the following:

- e-mail to **nell.fuller@wdc.usda.gov**
- telephone at 202-720-6303.

Lack of an EA or progress toward EA, if applicable, renders the proposal submission incomplete.--*

251 Project Proposal Review and Action***--A National BCAP Review Team**

National BCAP manager shall conduct the BCAP Interagency Review that may include reviews provided by representatives and resource experts from, but not be limited to, the following:

- EPAS
- loan programs
- OCR observer
- Department of Energy, Energy Efficiency and Renewable Energy offices
- FS
- NIFA
- NRCS
- RD Office of Energy Policy and New Uses.

After submission and environmental review, the National BCAP Interagency Review will review each complete proposal and make recommendations to:

- approve the proposal and designate the proposed project area
- not approve the proposal and not designate the proposed project area.

Note: If a proposal is not recommended for designation, provide an explanation of the recommendation.

B Purpose of BCAP Review for EA Needs--*

The ultimate goal is to ensure that a proposed site-specific BCAP project area and its associated methods or activities will not produce any long-term negative environmental impacts consistent with those identified, in the 2010 Final BCAP PEIS. If long-term negative environmental impacts are identified, then EA is required.

Note: Potential BCAP Project Area applicants proposing feedstocks not specifically analyzed in the Final BCAP PEIS at http://www.fsa.usda.gov/Internet/FSA_File/bcapfinalpeis062510.pdf that included hybrid poplar and willow (woody species), switchgrass (perennial herbaceous species), and forage sorghum (annual herbaceous species) are required to develop a project area specific EA.

* * *

252 Project Proposal Review Step-by-Step Process

A Project Proposal Review

The following provides the work flow process for reviewing project proposals.

Step	Action
1	<p>State Offices must:</p> <ul style="list-style-type: none"> • publicize project opportunities • provide outreach by making available material to potential project sponsors, County Offices, and other partners. <p>Note: See subparagraph 30 B.</p>
2	<p>Project sponsor shall:</p> <ul style="list-style-type: none"> • access the BCAP web site located at www.fsa.usda.gov/BCAP for program information • prepare and submit all required project proposals and documents, as specified in paragraph 250 and the applicable RFP, to grants.gov solicitation portal for review • submit all required documents and attachments for project proposals listed in this paragraph, paragraph 250, and the applicable RFP to grants.gov. <p>Notes: Proposal submissions must include all information required by paragraph 250.</p> <p>The grants.gov electronic submission system is relatively complex for first-time users and involves several preliminary registration steps to be taken before the application can be submitted. It is practically impossible to complete the process of electronic submission for the first time user, if the process is not begun at least 1 week before the proposal due date.--*</p> <p>Incomplete proposals will be returned to the project sponsor.</p>

252 Project Proposal Review Step-by-Step Process (Continued)

A Project Proposal Review (Continued)

Step	Action
3	<p data-bbox="388 327 1308 359">*--The National Office must, after the close of the submission deadline:</p> <ul data-bbox="388 405 1409 583" style="list-style-type: none"> <li data-bbox="388 405 1409 474">• as soon as possible, review project proposals for accuracy and completeness according to the submission requirements in this paragraph <li data-bbox="388 516 1409 583">• review BCAP-22 and make initial determination about appropriate level of NEPA review according to 1-EQ <p data-bbox="435 625 1446 695">Note: Project sponsors are responsible for ensuring completion of appropriate NEPA requirements, including progress or completion of EA.</p> <ul data-bbox="388 737 1414 842" style="list-style-type: none"> <li data-bbox="388 737 1414 842">• conduct the BCAP Interagency Review of project proposals according to the requirements of subparagraph 251 and reject proposals based on project eligibility criteria, as applicable.--*

252 Project Proposal Review Step-by-Step Process (Continued)

A Project Proposal Review (Continued)

Step	Action
4	*--FSA National Environmental Compliance Office will return incomplete proposals.--*
5	For approved proposals, the BCAP Program Manager will: <ul style="list-style-type: none"> <li data-bbox="391 478 748 514">• review for completeness <li data-bbox="391 552 1463 625">•*--conduct the BCAP Interagency Review and receive recommendations for DAFP selections of proposals for designation--* <li data-bbox="391 663 1442 730">• inform State Office of * * * approved proposals that satisfactorily meet project area standards.

*--B Additional Steps After Project Area Designation

Additional guidance will be provided about the steps that apply after DAFP project area designations.--*

Note: A project proposal will not be approved if the project is determined primarily to circumvent the limitations on BCAP matching payments outside the project areas.

253 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.

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 NIPF as defined in Exhibit 2
- 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 BCF
- adhere to the provisions of the approved BCAP project proposal applicable for the land offered for enrollment.

Note: A Federal-owned and State-owned BCF that is a project sponsor is not eligible for BCAP acreage enrollments because Federal and State land are ineligible lands.

254 Project Eligible Land Overview

A General

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

- agricultural land
- NIPF.

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

254 Project Eligible Land Overview (Continued)

B Eligible Agricultural Land

Eligible agricultural land is any of the following:

- cropland
- grassland
- pastureland
- hayland
- *--enrolled in CRP where both of the following are true:
 - the enrollment is expiring in the current fiscal year
 - CRP payment for this land has **not** been received in the current fiscal year
- enrolled in the Agricultural Conservation Easement Program where both of the following are true:
 - the enrollment is not expiring in the current fiscal year
 - an Agricultural Conservation Easement Program payment for this land has **not** been received in the current fiscal year--*
- other lands on which food, fiber, or other agricultural products are produced or capable of being produced.

Note: See exception in subparagraph A.

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 and land owned by private forest landowners' cooperatives are eligible land, provided all other requirements are met.

254 Project Eligible Land Overview (Continued)

C Eligible Forestry Land (Continued)

The following summarizes NIPF eligibility.

IF NIPF...	THEN...
has 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 FSP or equivalent plan, consistent with the approved project proposal.
does not have tree cover at the time an offer is submitted	both of the following must be true to be eligible for BCAP: <ul style="list-style-type: none"> • 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 FSP.

D Ineligible Land

Land ineligible to be enrolled under a BCAP contract includes:

- Federal-owned or State-owned land
- land that is **any** of the following:
 - native sod as of June 18, 2008
 - *--enrolled in CRP that has received a payment before the end of the current fiscal year--*
 - * * *
 - *--enrolled in the Agricultural Conservation Easement Program that has received a payment before the end of the current fiscal year--*
 - in an approved project that has met any acreage limit
 - in project areas where threatened and endangered species will be harmed by BCAP enrollment
 - unsuitable for growing an eligible crop
 - subject to restrictions such as easements or conveyances that conflict with production of eligible crops.

254 Project Eligible Land Overview (Continued)**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. See paragraph 318.--*

255 Project Eligible Crops Overview**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
- only those crops listed in an approved BCAP project are eligible crops for that project area.

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 and 7-CN for Title I commodities.

- any plant that is invasive or noxious or has the potential to become invasive or noxious.

255 Project Eligible Crops Overview (Continued)**C Other BCAP Provisions for Projects**

Within an approved project, all of the following apply:

- producers are eligible for enrollments of up to:
 - 5 years for annual or nonwoody perennial eligible crops
 - 15 years for woody perennial eligible crops
- *--establishment payments of up to 50 percent, not to exceed \$500 per acre, or for SDA farmers or ranchers, not to exceed \$750 per acre, to establish woody and nonwoody perennial eligible crops may be available
- matching payments may be available for collection, harvest, storage, and transportation of eligible material to QBCF.--*

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

256-270 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		30, Ex. 4
AD-1047	Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions		71, Ex. 20
BCAP-1	Biomass Conversion Facility Overview		71, 73, 250, Ex. 20
BCAP-10	Biomass Crop assistance program (BCAP) – Matching Payment Pre-Delivery Application	125	30, 33, 71, 73, 74, 121, 123, 124, 126
BCAP-11	Biomass Crop Assistance Program (BCAP) – Request for Matching Payment	126	30, 123
BCAP-20	Biomass Crop Assistance Program (BCAP) – Project Area Proposal Submission		250, Ex. 20
BCAP-21	Biomass Crop Assistance Program (BCAP) Project Area Proposal Estimates		250, Ex. 20
BCAP-22	Biomass Crop Assistance Program (BCAP) Project Area Environmental Screening Worksheet		250-252, Ex. 20
BCAP-23	Biomass Crop Assistance Program (BCAP) Worksheet (Establishment and Annual Payments for Producers)	313	30, Part 4, Ex. 30
BCAP-24	Biomass Crop Assistance Program (BCAP) Application (Establishment and Annual Payments)	314	5, 30, 33, 123, Part 4, Ex. 30
BCAP-24 Appendix	Appendix to Form BCAP-24, Biomass Crop Assistance Program (BCAP) Application (Establishment and Annual Payments)		291, 312, 315, 318, 319, 395, 402, 407

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-770 BCAP-1	Biomass Crop Assistance Program (BCAP) Contract Approval Checklist	392	
CCC-901	Members Information 2009 and Subsequent Years		30
FSA-848	Cost-Share Request		394, 395
FSA-848B	Cost-Share Performance Certification and Payment		30
NRCS-LTP-013	Status Review		395

Abbreviations Not Listed in 1-CM

This table lists approved abbreviations not listed in 1-CM.

Approved Abbreviation	Term	Reference
ASTM	American Society for Testing and Materials	70, 71, Ex. 2
BCF	biomass conversion facility	Text, Ex. 2, 4, 11, 12, 20
EA	environmental assessment	121, 125, 250-252, Ex. 20
EMO	eligible material owner	Text, Ex. 2
FOCS	Field Office Computing System	395
FSP	Forest Stewardship Plan	5, 125, 254, 312, 391, 394, 399, Ex. 2
LOI	letter of intent	71, 125, 126, 229
NIPF	nonindustrial private forest land	1, 249, 253-255, 291, 312, 313, 318, Ex. 2, 20
NOFA	notice of funding availability	70, 124
PEIS	programmatic environmental impact statement	251
QBCF	qualified biomass conversion facility	Text, Ex. 2, 4
RFP	Request for Proposal	247, 252, Ex. 20
ROI	return on investment	Ex. 20
TSP	technical service provider	121, 123, 125, 312, 313, 315, 397, 399, Ex. 2, 30

Definitions of Terms Used in This Handbook

Advanced Biofuel

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

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.

*--Agricultural Residue

Agricultural residue means crop residue from agricultural lands **including** woody orchard waste.--*

Animal Waste

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

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

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.

Definitions of Terms Used in This Handbook (Continued)**Biobased Product**

Biobased product is a product determined by DAFFP to be a commercial or industrial product, other than food or feed that is either:

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

Bioenergy

Bioenergy is a renewable energy produced from organic matter. Organic matter may be used directly as a fuel, be processed into liquids and gases, or be a residual of processing and conversion.

Biofuel

Biofuel is a fuel derived from renewable biomass.

Biomass Conversion Facility (BCF)

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

Conservation Plan

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.

Contract Acreage

Contract acreage is eligible land that is covered by a BCAP contract between the producer and CCC.

Definitions of Terms Used in This Handbook (Continued)

Deputy Administrator

Deputy Administrator is DAFP, FSA, or a designee.

Dry-Ton

--Dry-ton means one U.S. ton measuring 2,000 pounds. One dry ton is the amount of renewable biomass that would weigh one U.S. ton at zero percent moisture content. Woody material dry ton weight is determined according to applicable ASTM standards.--

Eligible Crop

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.

Eligible Material

*--Eligible material means renewable biomass as defined in 7 CFR 1450.2, **except** that the 2014 Farm Bill specifically **excludes** the following from this definition:

- (1) **Material that is whole grain from any crop that is eligible to receive payments under title I of the 2014 Farm Bill or an amendment made by that title, including—barley, corn, grain sorghum, oats, rice, or wheat; honey; mohair; oilseeds including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, soybeans, sesame seed, and sunflower seeds; peanuts; pulse; chickpeas, lentils, and dry peas; dairy products; sugar; and wool and cotton boll fiber;**
- (2) **Animal waste and by-products including fat, oil, grease, and manure;**
- (3) **Food waste and yard waste;**
- (4) **Bagasse; and**
- (5) **Algae.--***

Definitions of Terms Used in This Handbook (Continued)**Eligible Material Owner (EMO)**

EMO, for purposes of the matching payment, is a person or entity having the right to collect or harvest eligible material and who has delivered or intends to deliver the eligible material to a QBCF, including eligible material harvested or collected from:

- private lands, including cropland, the owner of the land, the operator or producer conducting farming operations on the land, or any other person designated by the owner of the land
- public lands, a person having the right to harvest or collect eligible material pursuant to a contract or permit with FS or other appropriate Federal agency, such as a timber sale contract, stewardship contract or agreement, service contract or permit, or related applicable Federal land permit or contract, and who has submitted a copy of the permit or contract authorizing such collection to CCC.

Equivalent Plan

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 FSP 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

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 are component of BCAP.

Food Waste

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.

Definitions of Terms Used in This Handbook (Continued)

*--Forest Stewardship Plan (FSP)

FSP 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. FSP's 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.

Higher-Value Product

Higher-value product means an existing market product that is comprised principally of an eligible material or materials and, in some distinct local regions, as determined by CCC, has an existing market as of October 27, 2010. Higher-value products may include, but are not limited to, products such as mulch, fiberboard, nursery media, lumber, or paper.

Indian Tribe

Indian Tribe has the same meaning as in 25 U.S.C. 450b (Section 4 of the Indian Self-Determination and Education Assistance Act).

Institute of Higher Education

Institute 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).

Intermediate Ingredient or Feedstock

Intermediate ingredient or feedstock is an ingredient or compound made in whole or in significant part from biological products, including renewable agricultural material, including plant, animal, and marine material, or forestry material that is subsequently used to make a more complex compound or product.

Definitions of Terms Used in This Handbook (Continued)**Matching Payments**

Matching payments are CCC payments provided for eligible material delivered to QBCF.

Native Sod

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 or the producer cannot substantiate that the ground has ever been tilled for the production of an annual crop as of June 18, 2008.--*

Nonindustrial Private Forest Land (NIPF)

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

Offer

An offer is, unless otherwise indicated, the per-acre rental payment requested by the owner or operator in such owner's or operator's request to participate in the establishment payment and annual payment component of BCAP.

Operator

Operator is a person who is in general control of the land enrolled in BCAP, as determined by CCC.

Payment Period

Payment period is a contract period of either up to 5 years for annual and nonwoody perennial crops, or up to 15 years for woody perennial crops, during which the participant receives an annual payment under the establishment payment and annual payment component of BCAP.

Project Sponsor

Project sponsor is a group of producers or BCF who proposes a project area.

Qualified Biomass Conversion Facility (QBCF)

QBCF is a biomass conversion facility that meets all the requirements for BCAP qualification, and whose facility representatives enter into a BCAP agreement with CCC.

BCAP Filing Codes

Listed below are the subject file codes for BCAP files.

Disposition: Except as noted, destroy all files under this subject when they are 5 years old.

Color Code: The color code for this subject is yellow.

<p>Biomass Crop Assistance Program Files. This subject covers assistance to producers to:</p> <ul style="list-style-type: none"> • support the establishment and production of eligible crops for conversion to bioenergy in selected project areas and •*--assist agricultural and forest land owners and operators with collection, harvest, storage, and transportation of eligible material to BCF.--* 			
Subject		Type of Material To Be Filed	Retention
BCAP	Biomass Crop Assistance Program	General material about BCAP too broad to be filed under 1 of the more specific subjects in this exhibit.	Destroy these files when 5 years old.
BCAP 1	Program Development	Correspondence about the development of the program, including objectives, funding allocations, cost-share limitations, and approved practices.	
BCAP 2	Reports and Statistics	Reports included under this subject that cannot be filed under 1 of the more specific subjects in this exhibit. File voluminous printouts in binders on open shelves.	
BCAP 3	Interagency Cooperation	Correspondence about cooperation between the County Office and other Federal and State agencies. This includes memorandums of understanding.	Destroy these files 5 years after the expiration of the project area or BCF is no longer qualified.
BCAP 4	Qualified Biomass Conversion Facilities	Individual folders containing all information about QBCF's.	
BCAP 5	Project Areas	Individual folders about project area proposals, approvals, geographic delineation, and other information.	
			Destroy these files 5 years after the expiration of the project area.

BCAP Filing Codes (Continued)

Subject		Type of Material To Be Filed	Retention
BCAP 6	Participant Folders	<p>Individual folders containing all correspondence about the producer's participation in BCAP including:</p> <ul style="list-style-type: none"> • matching payments • establishment and annual payments. <p>Note: Maintain original copy of forms in the custody files. Maintain AD-1026's with the current farm record.</p> <p>This includes folders for disapproved or canceled contracts.</p>	Destroy these files the later of 5 years after the matching paying was paid or 5 years after the expiration of BCAP-24.
BCAP 7	Spot Checks	Spot checks, responses, and reports.	
BCAP 8	Appeals	Appeals by individual producers of the administrative criteria used in developing technical determinations.	

***--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 or as appropriated. The 2014 Farm Bill also lowered that BCAP matching payment rate to a \$1 to \$1 match not exceed \$20 per dry ton.

Not every BCF that meets all the requirements is automatically selected to become a qualified BCF, as targeted eligible material and funding availability are considered in this competitive selection process.

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

Future announcements will be made for BCF applications submission.

If you have questions concerning your application, please contact the BCAP manager, Kelly Novak, at 202.720.4053 or **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

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***--Example of FS and BLM Evaluation Sheets**

The following is an example of the “Biomass Crop Assistance Program Forest Stewardship Plan or Equivalent Plan US Forest Service (USFS) Evaluation Sheet for Eligible Material Owners Applying for BCAP Matching Payments”.

Note: This evaluation sheet is available in a fillable format at <http://intranet.fsa.usda.gov>. **CLICK “FFAS Employee Forms/Publications Site”** and **CLICK “Find Current Forms Using Our Form Number Search”**. For “Form Number”, ENTER “BCAP-USFS”.

(07-28-14)			U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
BIOMASS CROP ASSISTANCE PROGRAM					
Forest Stewardship Plan or Equivalent Plan US Forest Service (USFS) Evaluation Sheet for Eligible Material Owners Applying for BCAP Matching Payments					
For FSA Office Use Only			2. Owner Address (Including Zip Code)		
1. Eligible Material Owner(s) Name			Phone Number (Include Area Code):		
1A. BCAP Contract Control					
1B. State and County Code					
1C. Agreement Expiration Date (MM-DD-YYYY)					
3. Check Appropriate Description:					
<input type="checkbox"/> A. Bureau Land Management (BLM) <input type="checkbox"/> B. National Forest System (NFS)					
4. Location of Collection and Harvest:					
A. National Forest/District			B. NEPA Document		
5. Sale Name/Contract Number	6. Sale Unit Numbers		7. Total Acres Included in Collection and Harvest		
8. Total Expected Dry Tons of Collection and Harvest			9. Anticipated Date of Collection and Harvest		
10. Comments					
Certification Statement by the reviewers:					
11. This biomass removal is required for the following, please check:					
A. Insect infestation containment or reduction		<input type="checkbox"/> YES	<input type="checkbox"/> NO		
B. Disease containment or reduction		<input type="checkbox"/> YES	<input type="checkbox"/> NO		
C. Fire fuel load management or reduction		<input type="checkbox"/> YES	<input type="checkbox"/> NO		
12. Contracting Officer or Designee Signature		13. Name of Contracting Officer or Designee		14. Date (MM-DD-YYYY)	
<i>By signing this evaluation sheet, I certify that the collection/harvest in the tract of land indicated in the attached BCAP SHAPE files is in compliance with the Forest Stewardship or equivalent plan and forestry standards.</i>					
15. District Ranger Signature		16. Name of District Ranger		17. Date (MM-DD-YYYY)	

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***--Example of FS and BLM Evaluation Sheets (Continued)**

The following is an example of the “Biomass Crop Assistance Program Forest Stewardship Plan or Equivalent Plan Bureau of Land Management (BLM) Evaluation Sheet for Eligible Material Owners Applying for BCAP Matching Payments”.

Note: This evaluation sheet is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK “**FFAS Employee Forms/Publications Site**” and CLICK “**Find Current Forms Using Our Form Number Search**”. For “Form Number”, ENTER “**BCAP-BLM**”.

(07-28-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation BIOMASS CROP ASSISTANCE PROGRAM Forest Stewardship Plan or Equivalent Plan Bureau of Land Management (BLM) Evaluation Sheet for Eligible Material Owners Applying for BCAP Matching Payments	
For FSA Office Use Only		2. Owner Address (Including Zip Code)	
1. Eligible Material Owner(s) Name			
1A. BCAP Contract Control			
1B. State and County Code			
1C. Agreement Expiration Date (MM-DD-YYYY)		Phone Number (Include Area Code):	
3. Check Appropriate Description:			
<input type="checkbox"/> A. Bureau Land Management (BLM) <input type="checkbox"/> B. National Forest System (NFS)			
4. Location of Collection and Harvest:			
A. Town/County		B. Contractor/Purchaser Name	
5. Project Name		6. Contract Number	7. Township, Range, Section
8. Total Acres Included in Collection and Harvest		9. Total Expected Dry Tons of Collection and Harvest	
10. Anticipated Date Range of Collection and Harvest			
Certification Statement by the reviewers:			
11. This biomass removal is required for the following, please check:			
A. Insect infestation containment or reduction	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
B. Disease containment or reduction	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
C. Fire fuel load management or reduction	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
12. BLM Field Office Manager Signature	13. Name of BLM Field Office Manager	14. Date (MM-DD-YYYY)	
<i>By signing this evaluation sheet, I certify that the collection/harvest in the tract of land indicated in the attached BCAP SHAPE files is in compliance with the Forest Stewardship or equivalent plan and forestry standards.</i>			
15. BLM Forester Signature	16. Name of BLM Forester	17. Date (MM-DD-YYYY)	

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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 through **grants.gov** in response to RFP.--*

B Cover Sheet

On the cover sheet, enter the following:

- proposed project area name
- State(s)
- 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 BCF's
 - letter(s) of commitment from BCF's.

C Section 1 – Abstract

Provide a brief abstract of the project, **not to exceed 1 page**, that includes the following:

- activities in summary of the proposal that briefly describes proposed project area and feedstock proposed to be funded under BCAP
- objectives and performance to be accomplished; the amount of funding requested; how the work will be performed; whether organizational staff, consultants, or contractors will be used; and whether other resources will be used over the lifetime of the project.--*

* * *

Complete Project Proposal Outline (Continued)

D Section 2 - Existing Conditions

*--Provide a discussion of existing conditions, **not to exceed 4 pages**, 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 forest land demographics within the project boundary watershed, including number of farms, types of farms, number of NIPF landowners, 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 last 10 to 20 years
 - number of existing biomass producers
 - competitive supply chain or existing market.

--Completed BCAP-22 will be used to establish the existing conditions.--

Complete Project Proposal Outline (Continued)

E Section 3 – Agriculture and Forestry Related Impacts

--This analysis, not to exceed 4 pages, 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, not to exceed 2 pages, shall include specific and measurable project-- objective.

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

Documentation on the derivation of these objectives **must** also be included.

Complete Project Proposal Outline (Continued)

G Section 5 - Project Description

*--The project description, **not to exceed 4 pages, must** address each of the following:

- number of acres targeted by proposed to be contracted in the proposed project area
- amount of eligible material as defined in Farm Security and Rural Investment Act of 2002, Section 9011(a)(6) to be produced in the project area and the probability that the material will be used for BCAP purposes, **including** input on per acre production and the number of suitable acres within the project area
- amount of material projected to be available from sources other than eligible crops grown on contract acres, **including** input on the return to producers generally and in comparison to competing land uses
- anticipated economic impact of the proposed project area
- opportunity for producers and local investors to participate in the ownership of BCF associated with the proposed project area
- participation rate by beginning or SDA farmers or ranchers
- impact on soil, water, and related resources, **including** a copy of the final EA

Note: If FSA agrees with the context, analysis, and findings in EA, then it will issue a Finding of No Significant Impact and publish for a 30-calendar-day public comment period.

- variety of biomass production practices within a project area the range of crops among project areas, **including** the diversity of feedstock proposed compared to current feedstocks already approved in BCAP project areas
- previous receipt of funding
- previous performance in achieving targeted acreage
- capacity for successful producer outreach number of acres targeted and expected yields 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

Complete Project Proposal Outline (Continued)

G Section 5 - Project Description (Continued)

- description of the committed BCF's, in addition to BCAP-1 and the feasibility study described in subparagraph K:
 - simple pay back calculation for ROI could be calculated as such: $ROI = (\text{gain from investment} - \text{cost of investment}) / \text{cost of investment}$
 - 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 flowchart of BCF's proposed interaction with the project area feedstock supply.

Complete Project Proposal Outline (Continued)

H Section 6 - Cost Analysis

*--Project proposals, **not to exceed 8 pages, must** include a thorough discussion of project costs that addresses the following:

- total estimated project costs, including, annual payments, establishment payments, matching payments, BCF infrastructure investments, and community infrastructure investments by Federal fiscal year (October 1 through September 30)
- a breakdown of all the costs among Federal, State, or local government agencies and private sector contributions
- thorough justification for any incentive payments that producers might receive.

BCAP-20 and BCAP-21 shall be included to document this section.--*

I Section 7 - Monitoring Project Area

*--Project proposals, **not to exceed 2 pages, 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.

Complete Project Proposal Outline (Continued)

J Section 8 - Public Outreach and Support

*--Project sponsor is responsible for outreach that shall include, as applicable, the following:

- beginning, limited resource, and SDA farmers and ranchers
- biomass industry groups in the State
- conservation and environmental groups
- ethanol industry
- farm cooperatives
- farm groups
- forest industry groups
- power industry including Rural Cooperative Power Utilities
- producers
- tribal leaders.

Project proposals **must** provide a discussion, **not to exceed 2 pages**, of the nature of public support, especially from producers.

The proposal should provide evidence of early staging for outreach and community participation, such as listing of producer or community meetings already executed.

This must include a program for public outreach over the duration of the project.--*

Complete Project Proposal Outline (Continued)

K Section 9 - Feasibility Study(ies)

*--It is highly recommended that the project sponsor include an acceptable feasibility study, **not to exceed 50 pages**, on behalf of BCF's that submitted a commitment letter. Those applicants that submit an acceptable feasibility study will be prioritized for approval.

The biomass conversion feasibility study **must** be conducted by an independent qualified consultant that has no financial interest in BCF and demonstrates that the renewable biomass system of BCF is feasible, taking into account the economic, technical, and environmental aspects of the system.

An acceptable 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 transportation 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, including Federal funds
 - projected balance sheets and costs associated with project operations
 - cash flow projections for 3 years
 - the adequacy of raw materials and supplies