



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

June 2012

Biomass Crop Assistance Program – Project Area Number 11

Overview

The Farm Service Agency (FSA) has announced the eleventh new Biomass Crop Assistance Program (BCAP) project area in North Carolina. BCAP project areas provide financial incentives to eligible landowners and operators to establish and produce biomass crops for conversion to cellulosic ethanol and bio-based chemicals. These producers are eligible to receive establishment and annual payments to grow a total 4,300 acres of Freedom® giant miscanthus, and switchgrass for biomass. FSA has reserve up to \$3.99 million for this Project Area.

Giant miscanthus is a triploid hybrid perennial warm-season grass that is vegetatively propagated by rhizome division and does not produce viable seeds. Successful establishment of Freedom® giant miscanthus within the proposed project area begins with viable, appropriately processed rhizomes. All rhizomes to be used on contract acreage within the proposed project area will be harvested and processed at REPREEVE Renewables LLC's Soperton, Ga. facility with proven equipment designed specifically for giant miscanthus and proprietary protocols that protect rhizomes from destruction. FSA is establishing project areas for giant miscanthus following an environmental assessment and the adoption of a Mitigation and Monitoring Plan. Several key provisions of the mitigation and monitoring will be incorporated into BCAP conservation plans and will be the responsibility of program participants.

Switchgrass is a perennial grass native to the tallgrass prairies once found across much of the U.S. Today, it is grown mainly as

a forage crop or as ground cover to control erosion. Switchgrass is grown and distributed throughout North America and is frequently used in the Conservation Reserve Program (CRP) and wildlife habitat programs. Its rapid growth rate and winter hardiness make it an attractive biomass crop for biofuel production. Switchgrass is established from seed and does not require specialized equipment for establishment.

FSA will enter into five-year contracts with the eligible producers to grow these herbaceous crops on cropland enrolled in BCAP contracts. Participants will be required to maintain and harvest these crops during and after the five-year contracts at their own expense, but will receive an annual rental payment. Producers must have a production agreement with a qualified biomass conversion facility such as the project sponsor, Chemtex International Inc., to supply local herbaceous crop biomass to the production of future cellulosic biorefining in Sampson County, NC.

Project Area Acreage Targets & Location

Up to 3,200 acres of Freedom® giant miscanthus and 1,100 acres of switchgrass are approved for plantings in North Carolina, for new BCAP contract enrollment. Phased-in herbaceous plantings are expected to be planted in 2012 and 2013.

The following 11 North Carolina project area counties are to be enrolled in the project area: Bladen, Cumberland, Duplin, Greene, Johnston, Jones, Lenoir, Onslow, Pender, Sampson and Wayne.

The project area's objective is to annually produce 76,000 green tons of biomass based renewable fuel yielding more than 20 million gallons annually and generating downstream sustainable chemicals as well as onsite biogas for power generation.

Annual Payments for Enrolled Land

BCAP contracts will be up to five years in length with all payments obligated from the current fiscal year allocations. The estimated total available funds for annual rental payments is \$1.377 million which is intended to fund obligations for the 4,300 acres for up to five years.

Required Reductions in Annual Payments

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

All uses of plant material removed from land enrolled under active contracts, grazing, gleaning or similar uses will also trigger reductions in annual payments. FSA will require all participants to keep and submit accurate records of the disposition and/or sale of all materials removed from contract acreage.

Establishment Payments

Establishment payments are authorized for this project at up to 75 percent of the producer's first year establishment costs, not to exceed

REDUCTION PERCENT	FINAL CONVERSION PRODUCT
1 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).
10 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).
25 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).
100 Percent	If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).

\$749 per acre for Freedom® giant miscanthus or \$203 per acre for switchgrass. The cost of the planting stock may not exceed \$441 per acre for Freedom® giant miscanthus and may not exceed \$90 per acre for switchgrass. Some additional first year establishment measures are also eligible for establishment payments.

All other establishment, maintenance and harvested costs for practice measures beyond the first year will be the responsibility of the producer, but producers will receive an annual rental payment.. Establishment practices and costs must be compliant with the USDA Technical Service provider’s conservation plan.

Matching Payments

Matching payments for eligible biomass material may also be available for biomass harvested or collected from BCAP contracted acreage by eligible material owners, but are subject to funding availability.

Eligible Land

Only land classified as cropland by FSA is eligible to be enrolled in this project. Forestland and similar lands will not be eligible for this project. Eligible land must be suitable, as determined by USDA’s Natural Resources Conservation Service, for the production of giant miscanthus, or switchgrass.

Ineligible land also includes native sod and land owned by federal agencies, states and local governments. Additionally, land enrolled in CRP, Wetlands Reserve Program, or Grassland Reserve Program is ineligible for enrollment in BCAP. Land enrolled in other programs may also be ineligible depending on the terms and conditions of those programs. Sprayfields lacking a Comprehensive Nutrient Management Plan (CNMP) and that fail to be in adherence to permanent agronomic rates adopted by the state of North Carolina are also not eligible.

Producer Participation

The signup periods for producers

in project area counties are scheduled to run from June. 18th through Sept.14, 2012. Approvals of offers during this period will be made on a continuous basis, subject to funding availability. An enrollment application will be taken at the county USDA Service Centers location where the farm is serviced.

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

For More Information

For more information about BCAP visit the FSA BCAP website at <http://www.fsa.usda.gov/bcap>, or see the general BCAP fact sheet at http://www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf.

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