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USDA's Farm Service Agency to Begin Accepting Applications for New Biomass Crop Assistance Program

(Jackson, MS) September 15, 2009- USDA Farm Service Agency's State Executive Director Michael R. Sullivan reminds biomass conversion facilities to begin signing up to participate in the Biomass Crop Assistance Program, which will help increase production of renewable energy. The program, authorized in the 2008 Farm Bill, provides financial assistance to producers who deliver eligible material to biomass conversion facilities and FSA will provide financial assistance to collect, harvest, store and transport eligible materials.

"This program will benefit producers, the developing biomass industry, the general public and the environment as we continue working to expand production and availability of renewable energy," said Sullivan. "Owners of eligible material can receive financial assistance for delivering qualified biomass to conversion facilities that use biomass for heat, power, bio-based products or advanced biofuels."

Biomass conversion facilities and material owners or producers should contact the Mississippi FSA State Office or visit www.fsa.usda.gov for more information. FSA is currently accepting applications from biomass facilities interested in participating in the Biomass Crop Assistance Program (BCAP).

Once an agreement is signed between FSA and a facility and funding through the program is provided, the facilities can begin accepting materials. Producers who sell these materials can apply for matching payments under the collection, harvest, storage and transportation (CHST) component of BCAP. The matching CHST payments are paid at a rate of \$1 for \$1 per dry-ton equivalent received from a qualified biomass conversion facility, not to exceed \$45 per dry-ton equivalent. A biomass owner is eligible to receive payments for two years. The purpose of the matching payments is to assist biomass producers with the CHST cost of delivering biomass to a qualified biomass conversion facility.

For example, if a qualified biomass conversion facility pays a producer \$30 per dry ton for biomass, the material owner or producer would be eligible for a matching payment of \$30 per dry ton from FSA. This payment will help offset the costs of CHST.

Biomass conversion facilities may become "qualified" by submitting a Memorandum of Understanding (MOU) to the FSA State Office. The MOU generally provides the requirements for becoming a qualified biomass conversion facility. Once a facility becomes qualified, eligible material owners or producers who deliver biomass to that facility may be eligible to receive CHST payments.

Eligible material owners or producers, who market eligible material to a qualified biomass conversion facility, may apply for the matching CHST payment at their FSA county office. An

application must be submitted before the eligible material is sold and delivered to a qualified biomass conversion facility. After the product is delivered, a producer must provide FSA with documentation of product quantity, quality and payment rate. County offices will validate payment requests with information in the county office and information provided under the terms of MOUs with the qualified biomass conversion facilities. CHST payments will not be authorized until after an appropriate environmental analysis has been conducted.

For more information, visit www.fsa.usda.gov or contact the Mississippi FSA State Office at 601-965-4300.

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