

**For:** State and County Offices

**Starting BCAP Matching Payments for Prioritized Eligible Materials and Biomass Conversion Facility (BCF) Qualification Application Procedures for FY 2016**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

On September 30, 2013, BCAP authorization expired.

On February 7, 2014, BCAP was reauthorized under the 2014 Farm Bill with mandatory \$25 million annual funding for each FY 2014 through 2018. Funding includes that not less than 10 percent, nor more than 50 percent, of the annual funding be used to make collection, harvest, storage, and transportation (BCAP matching) payments.

The BCAP final rule was published in 7 CFR Part 1450 or FR, pages 10569-10575 on February 27, 2015, and effective on May 28, 2015.

On December 11, 2015, the Congressional omnibus limited the FY 2016 budget for BCAP to \$3 million. On January 29, 2016, the Office of Management and Budget (OMB) provided FSA with an apportionment.

**B Purpose**

This notice informs State and County Offices:

- that \$1.5 million in BCAP matching payments is available for the remainder of FY 2016 to be used for only agricultural residues and forest residues from the National Forest System and Department of Interior (DOI), Bureau of Land Management (BLM) public lands
- about general information related to restarting BCAP matching payments for FY 2016
- about policy and procedures for submitting BCAP-1's for **new** BCF's and transmitting BCAP-1's to the National Office for FY 2016 for review.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2017	State Offices; State Offices relay to County Offices

**Notice BCAP-37**

**2 Starting BCAP Matching Payments for Selected Eligible Materials for FY 2016**

**A Overview of Starting BCAP Matching Payments for FY 2016**

The BCAP final rule established an effective restart date for BCAP of May 28, 2015. The FY 2016 start begins with BCAP matching payments outlined as follows:

- BCAP will provide \$1.5 million in BCAP matching payments for FY 2016
- selected or prioritized eligible material will be **only** agricultural residues or forest residues from the National Forest System and DOI, BLM public lands for FY 2016
- BCAP matching payments will be at a rate of up to \$1 for each \$1 per ton provided to eligible material owners, **not** to exceed \$20 per dry ton for a period of no more than 2 total years for each eligible material owner

**Note:** The **not** to exceed rate of \$20 per dry ton matching payment is a lower matching payment rate than the previously authorized \$45 per dry ton under the 2008 Farm Bill.

- BCF's **must** be qualified by FSA **before** eligible material owners may deliver selected eligible material, as provided in this subparagraph, or filing BCAP-1's

Note: FY 2015, under BCAP matching payments, 52 BCF's were qualified. These 52 Qualified Biomass Conversion Facilities (QBCF's) are qualified through FY 2018. The BCF application period in FY 2016 is **just** for the **new** BCF agreement submissions to the applicable State Office.

This table provides the timeline for restarting BCAP matching payments for FY 2016.

<b>Signup Category</b>	<b>Application Location</b>	<b>Dates</b>
New BCF's submit BCAP-1's.	State Office where BCF is located.	May 23 through June 6, 2016
Eligible material owners submit BCAP-10's.	Service Center where the land is located or where the farm records exist.	On or about June 15 through August 4, 2016

**Note:** The signup end date of August 4, 2016, is subject to the availability of funding. Eligible material deliveries must occur **on or before** December 15, 2016, unless determined otherwise by DAFP. BCAP-11's (Payment Request) from eligible material owners **must** be submitted by **December 30, 2016**.

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### 2 Starting BCAP Matching Payments for Selected Eligible Materials for FY 2016 (Continued)

#### B Prioritized Eligible Material Target for FY 2016

BCF's that submit BCAP-1's will need to consider the prioritized eligible material target for FY 2016 to be competitive.

**Note:** Not every BCF that meets all the requirements will automatically be selected as QBCF. Given the limited funding for FY 2016, CCC may prioritize BCF's that have suppliers of eligible material types that best meet BCAP goals for FY 2016.

The following are some, but **not** all, eligible material requirements that BCF's will want to consider before submitting BCAP-1's in FY 2016:

- all eligible materials will be required to be collected **directly** from the land
- agricultural residues will include orchard waste collected **directly** from the land
- all eligible material **must** have a completed conservation plan, forest stewardship plan, or equivalent plan with certification by the assigned technical service provider **before** harvest or collection occurs or the BCAP-10 with FSA is approved
- forest residues from National Forest System and DOI, BLM public lands **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 product market
- all eligible material owners **must** have a completed and approved BCAP-10 with FSA **before** eligible material is delivered to QBCF
- all eligible woody materials **must not** have a higher-product value or existing product market and eligible material owner certification will be required.

### 3 Submitting BCAP-1's and Agreements

#### A Submission Overview

Beginning May 23 through COB June 6, 2016, new BCAP-1's will be accepted at the State Office where the BCF is physically located.

Previous QBCF's from FY 2015 are already qualified and need not re-apply or request extension of their qualified status.

**Note:** Not every BCF that meets all the requirements will automatically be selected as a QBCF.

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**3 Submitting BCAP-1's and Agreements (Continued)**

**A Submission Overview (Continued)**

To be considered QBCF for BCAP matching payments, BCF **must** enter into an agreement with FSA by COB June 6, 2016.

See 1-BCAP, paragraphs 70 through 77 for qualification policy.

**Notes:** The targeted or prioritized eligible material for FY 2016 is agricultural residues collected or harvested directly from the land, and forest residues collected from the National Forest System and DOI, BLM public lands, that are by-products of a preventative treatment for hazardous fuels reduction or containment or reduction of disease and insect infestations.

American Society for Testing and Materials (ASTM) standards used **must** be reported on BCAP-1 when the BCAP-1 is submitted. Some ASTM standards include, but are **not** limited to, ASTM E1358-97, ASTM E871-82, ASTM D4442-07, and ASTM E105-04.

The dry ton weight determined using ASTM standards **must** be recorded by QBCF on the eligible material owners' settlement sheets or scale tickets.

All complete BCAP-1's and SED-signed agreements **must** be e-mailed to Kelly Novak, CEPD at [kelly.novak@wdc.usda.gov](mailto:kelly.novak@wdc.usda.gov) by noon e.d.t. June 7, 2016.

This table provides QBCF dates for FY 2016.

<b>Action</b>	<b>Date</b>
BCF's submit new BCAP-1's and agreements to FSA State Office.	May 23 to June 6, 2016
Assignment and updated posting of the unique QBCF ID numbers to the BCAP web site at <a href="http://www.fsa.usda.gov/bcap">www.fsa.usda.gov/bcap</a> .	On or about June 13, 2016

**Note:** All complete BCAP-1's and SED-signed agreements **must** be e-mailed to Kelly Novak, CEPD at [kelly.novak@wdc.usda.gov](mailto:kelly.novak@wdc.usda.gov) by noon e.d.t. June 7, 2016.

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### 3 Submitting BCAP-1's and Agreements (Continued)

#### B Outreach

State Offices **must** develop a State outreach program to review the availability of submitting BCAP-1's with all of the following, as applicable:

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