



## **Biofuels Innovation Program Proposal**

**Purpose** – The Biofuels Innovation Program (BIP) is designed to create a new Farm Bill, Energy Title program that would enable the USDA, Natural Resources Conservation Service to enroll up to five million acres of land to promote the sustainable production of “next generation” biomass energy. The program would provide financial and technical assistance to landowners/operators to produce dedicated native perennial energy crops and crop mixes in a manner that protects the Nation’s soil, air, water and wildlife and supports and/or induces development and expansion of facilities that use the material for biofuels, electricity, heat, or bio-based products.

**Eligible crops** – The BIP program would support a wide variety of feedstocks and technologies. In the true spirit of “innovation,” while the program would support production of switchgrass for ethanol, would also support jojoba for biodiesel, mixed prairies for gasification to generate electricity, trees or grasses for “co-generation” of electricity, and many other alternative energy scenarios. The main limit on the program’s support is that the plants used must be perennials native to the United States, and not have the potential to become invasive or noxious.

**Concentrating Production** – In order for a facility that uses biomass to be economically viable, the biomass it utilizes must be grown within a relatively concentrated area to ensure manageable transportation costs. Most experts describe this area as being within a 50 to 70 mile radius of the facility. The BIP program is designed to address this issue by requiring groups of landowners/operators to come together to apply for BIP funding as a project, rather than as individual landowners. While individual landowners in an approved project would get financial and technical assistance directly from USDA, they could not apply for the program individually.

**Developing a BIP proposal** – Just about any entity could initiate a BIP project proposal. The BIP program provides Business Planning and Assistance Grants of up to \$ 50 K per project to assist in hiring consultants, technical experts, etc., to develop a BIP proposal. A farmer’s cooperative, a local extension service, a bioenergy facility, an entrepreneur, or other entity could apply for the funding, develop a business plan and recruit enough owners and operators to apply for the program.

**Ranking Projects** – The projects would be ranked, based on how many owners/operators are participating, the number of acres proposed for enrollment, the probability that the crop or crops proposed to be grown will be utilized for the purposes of the program; the type and diversity of eligible crops to be grown, and the potential for positive economic impact to the local community. Priority would be granted to projects that produce polycultures of at least two species, those that have the greatest potential to improve soil, water and wildlife over current land covers; those that incorporate planting and/or harvesting practices that maximize diversity, those that will utilize farmer-owned facilities, those with the greatest percentage of beginning and disadvantaged farmers and those in under-represented geographical regions.

**Payments** – Contracts are for 10 years, but can be terminated by USDA after 5 years if intended use for biomass is not materializing or at any time for noncompliance. Participating landowner/operator and participants are eligible for three types of payments:

1. Cost share payments are provided to cover half of the cost of establishing the crop for most participants, including any required buffer strips. Beginning or disadvantaged farmers would receive a 75 percent cost share and those who plant a polyculture of at least three species would receive a 90 percent cost share.
2. Incentive payments equal to the average loan deficiency payment for the county for the yield and acreage that the owner/operator had in the year prior to switching to the eligible crop under commodity programs, OR if the owner/operator did not receive a commodity program payment in the previous year, an incentive payment determined by USDA to cover 70 percent of the economic loss from switching to a bioenergy crop.
3. Bonus payments are offered for owners/operators whose production maximizes wildlife diversity on the landscape and/or whose operation is modified to address the needs of wildlife species identified in state wildlife management plans.

**Land Eligibility** – In order to prevent subsidies for the destruction of native habitats and the resulting carbon dioxide “burp” that would undermine the global greenhouse emissions implication of any biofuels grown on that land, the BIP program has strict land eligibility criteria that focuses eligibility on non federal lands that have already been broken for agriculture, managed as pasture with few native species left, farmed for tobacco within the last 15 years, was in a Conservation Reserve Program (CRP) contract that has since expired, was no longer in forest cover prior to enactment of the legislation, or is managed according to Forest Stewardship Council or similar, approved plans for use of excess woody material. Additionally, due to serious wildlife impacts caused by woody vegetation plantings on areas that were historically grassland, woody crops are restricted to areas that were historically forested.

**Contract Requirements** – Participants must plant an eligible crop within two years of enrollment and must agree to the following conservation provisions on all enrolled land in order to ensure the sustainability of the operation and protection of soil, water and wildlife:

1. Harvesting of eligible crops must not occur during the primary nesting or brood rearing seasons of bird species nesting in the area
2. Stubble remnants for non-woody crops shall be a minimum of 10 inches in height to provide for wildlife cover and soil protection.
3. Soil conservation plans must be implemented by owners or operators for preventing erosion on areas planted and harvested for eligible crops.
4. Diverse, vegetated buffers are required around all water resources on enrolled lands.
5. Chemical inputs shall be minimized
6. A “floating reserve” of at least 20 percent of enrolled acreage must be left un-harvested each year, except for years of drought emergency.

**Research and Training** – Directs USDA to establish a research program on production of feedstocks grown under BIP and their relative efficiency and sustainability. Also directs USDA to establish a training program for Agriculture Extension Service staff and others on how to develop viable proposals for participation in the BIP program.

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