

USDA



Committed to the future of rural communities.

- *Increasing economic opportunity in rural America*
- *Improving the quality of life of all rural Americans*



Committed to the future of rural communities.

*Southeast Diesel Collaboration
4th Annual Partner Meeting
Economic Planning Fuels Session*

Atlanta, Georgia

June 16 , 2009

William F. Hagy III

Deputy Administrator, Business Programs

Rural Business – Cooperative Service

USDA Rural Development



Committed to the future of rural communities.

*President Obama's
Commitment to Renewable
Energy*

*“To put people back to work
today, and reduce our
dependence on foreign oil
tomorrow, we will double
renewable energy
production.”*



Committed to the future of rural communities.

“USDA is working to expand energy opportunities by producing alternative forms of energy and fuel, and to ensure that we are doing the research necessary to allow agriculture to transition away from its rather significant dependence on fossil fuels.”

*Tom Vilsack
Agriculture Secretary*



Committed to the future of rural communities.

Biofuels Interagency Working Group

On May 5, 2009, President Obama signed the directive establishing a new working group to be chaired by the Secretaries of Energy and Agriculture and the Administrator of the EPA.

The group will work with the National Biomass Research and Development Board on:

- Creating a *biofuel market development program* to boost next-generation biofuels, increase use of flex-fuel vehicles, and assist retail market development
- Coordinating infrastructure policies



Committed to the future of rural communities.

2008 Farm Bill – Title IX

Programs Administered By USDA

Rural Development

- Biomass Crop Assistance Program
- Biorefinery Assistance Program
- Bioenergy Program for Advanced Biofuels
- Rural Energy for America Program (REAP)
- Biomass Research and Development Initiative



Committed to the future of rural communities.

Farm Bill

Energy Title, Section 9011

Biomass Crop Assistance Program

- Payments to producers of renewable biomass crops
- Establishment, Production, Collection, Harvest, Storing and Transportation
- Funding: Commodity Credit Corporation funds available in each of FY 08 – 12
- Rule Making



Committed to the future of rural communities.

2008 Farm Bill

Biorefinery Assistance Program (Section 9003)

- Provides grants for demonstration scale and loan guarantees for commercial scale biorefineries that produce advanced biofuels
- Guaranteed Loan Limitations: Up to \$250 Million for Biorefineries



Committed to the future of rural communities.

2008 Farm Bill

Biorefinery Assistance Program

(Section 9003) - (Cont.)

- **Grant Limitations: Pilot/Demonstration Scale – Up to 50% of project costs**
- **Mandatory Funding:**
 - **FY 2009 - \$75 Million**
 - **FY 2010 - \$245 Million available until expended**

Range Fuels Cellulosic Ethanol Plant Soperton, Georgia

- First Guaranteed Loan for Commercial Scale Plant
- USDA Awarded \$80 Million
- Produce Cellulosic Ethanol from Wood Chips
- Expected to create 63 jobs and produce 20 million gallons of Cellulosic Ethanol per year.



Committed to the future of rural communities.

Section 9003 Biorefinery Assistance

2009 applications by amount requested

Requested Amount	Number of applications	Average	Total
< \$50M	8	\$ 18,312,500	\$ 146,500,000
\$50-\$100M	4	\$ 62,959,902	\$ 251,839,609
> \$100M	5	\$ 130,626,701	\$ 653,133,507
All	17	\$ 61,851,360	\$ 1,051,473,116



Committed to the future of rural communities.

Section 9003 Biorefinery Assistance

Obligation and applications under review

Applications	State	Requested Amount	Status
Round One (12/31/2008)			
Range Fuels, Inc.	Georgia	\$80,000,000	Obligated
	Minnesota	\$25,000,000	Under Review
		<u>\$105,000,000</u>	
Round Two (4/30/2009)			
	Iowa	\$15,000,000	Under Review
	New Mexico	\$60,000,000	Under Review
	Massachusetts	\$5,000,000	Under Review
	Wisconsin	\$124,500,000	Under Review
	Michigan	\$10,675,000	Under Review
		<u>\$215,175,000</u>	



Committed to the future of rural communities.

Section 9004 - Repowering Assistance Program

- Provides payments to biorefineries (in existence when Farm Bill was passed) to replace fossil fuels used to produce heat or power in biorefineries with renewable biomass
- Provides \$35 million for FY 2009 that will remain available until the funds are exhausted
- Authorizes additional funding of \$15 million per year, from FY 2009 through 2012
- Notice of Solicitation of Applications (NOSA) published June 11, 2009



Committed to the future of rural communities.

Section 9005 -- Bioenergy Program for Advanced Biofuels

- Payments to eligible producers to support and ensure expanded production of advanced biofuels
- Existing production vs. new production
- **Mandatory Funding:**
 - \$55,000,000 FY 2009
 - \$55,000,000 FY 2010
 - \$85,000,000 FY 2011
 - \$105,000,000 FY 2012
- Discretionary Funding of up to \$25 million each FY 2009-2012
- Notice of Contract Proposals (NOCP) published June 11, 2009



Committed to the future of rural communities.

2008 Farm Bill

Rural Energy for America Program (REAP)

(Section 9007)

- Formerly Section 9006 – Renewable Energy Systems and Energy Efficiency Improvements Program
- Establishes a grant and loan guarantee program to assist agriculture producers and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements
- Establishes a grant program for energy audits, technical assistance and feasibility studies



Committed to the future of rural communities.

Section 9007 -- Rural Energy for America Program (REAP)

Continued

- Loan Guarantee Limits:
 - \$25 Million Cap
 - Cap Federal share at 75% of project costs
- **Mandatory Funding:**
 - FY 09 - \$55 Million
 - FY 10 - \$60 Million
 - FY 11 - \$70 Million
 - FY 12 - \$70 Million
- Discretionary funding of up to \$25 million each fiscal year, 2009 -12
- Notice of Solicitation of Applications published May 26, 2009!



Committed to the future of rural communities.



Section 9006 Funding Activity FY 2003 thru 2008

Renewable Energy/Energy Efficiency

<u>Technology</u>	<u>No.</u>	Loans, Grants & <u>Combos</u> <u>Amount</u>	<u>Leveraged</u>
Biomass	271	\$65,188,772	\$321,322,470
Wind	245	48,008,511	582,427,329
Solar	108	4,683,405	11,207,057
Geothermal	52	1,969,517	4,576,639
<u>Hybrid</u>	18	2,620,736	85,968,197
Subtotal	694	\$122,470,941	\$1,005,501,692
Energy Efficiency	1,329	\$34,456,722	\$76,743,867
Subtotal	2,023	\$156,927,663	\$1,082,245,559
Guaranteed Loans	153	\$91,529,855	\$181,321,296
Grand Total	<u>2,176</u>	<u>\$248,457,518</u>	<u>\$1, 263,566,855</u>



Committed to the future of rural communities.

Section 9009 -- Rural Energy Self-Sufficiency Initiative

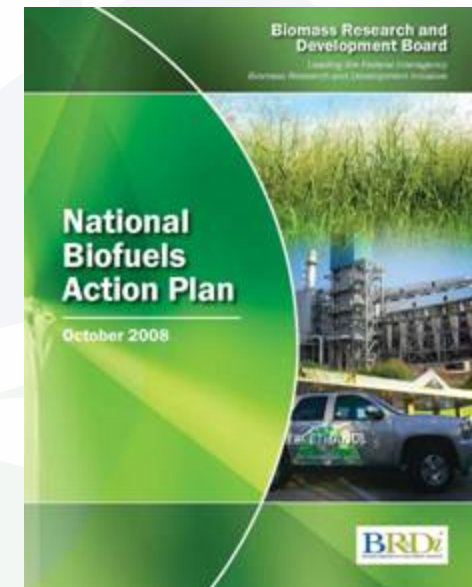
- Provides grants for the purpose of enabling eligible rural communities to substantially increase their energy self-sufficiency.
- Authorizes funds of \$5 million per year, beginning in FY 2009 and continuing through FY 2012.
- Policy discussion is in progress to identify program requirements

The National Biofuels Action Plan: An Integrated Federal Approach

- The Biomass Research and Development Board (Board) coordinates federal R&D activities relating to biobased fuels, power, and products.
- The Board developed and published *The National Biofuels Action Plan* (Action Plan) in October 2008. (<http://www.usda.gov/documents/NBAP081208.pdf>)
- The Action Plan lays out a strategy to meet the Renewable Fuel Standard (RFS) set forth in the Energy Independence and Security Act of 2007.
- Interagency groups have formed to address crosscutting challenges.

Members of Biomass Research & Development Board:

- U.S. Department of Agriculture
- Department of Energy
- National Science Foundation
- Environmental Protection Agency
- Department of the Interior
- Office of Science and Technology Policy
- Office of the Federal Environmental Executive
- Department of Transportation
- Department of Commerce
- Department of the Treasury
- Department of Defense



Committed to the future of rural communities.

National Biofuels Action Plan



NBAP Action Area	Board Action Taken by Interagency Working Groups
Sustainability	<ul style="list-style-type: none"> • Inventory federal efforts & facilitate stakeholder collaboration
Feedstock Production	<ul style="list-style-type: none"> • Conduct feedstock availability and cost study • Formulate long-term interagency research plan
Feedstock Logistics	<ul style="list-style-type: none"> • Develop milestones for cellulosic feedstock logistics systems demonstrations
Conversion Science and Technology	<ul style="list-style-type: none"> • Inventory and coordinate interagency R&D activities • Develop 10 year interagency research plan
Distribution Infrastructure	<ul style="list-style-type: none"> • Integrate GIS mapping capabilities across federal agencies • Facilitate interagency collaboration on multi-modal analysis • Conduct pipeline feasibility study
Blending	<ul style="list-style-type: none"> • Monitor interagency testing program • Formulate blends policy statement
Environment, Health and Safety	<ul style="list-style-type: none"> • Inventory Federal activities • Identify research needs & mitigation options



Committed to the future of rural communities.

How To Learn More About USDA Rural Development Renewable Energy Programs

Contact Your State Rural
Development Office

www.rurdev.usda.gov



Committed to the future of rural communities.



Any Questions?

