



Environmental Law & Policy Center
Protecting the Midwest's Environment and Natural Heritage

THE FARM BILL'S ENERGY TITLE: PRODUCING CLEAN ENERGY & POWER, ADVANCING BIOFUELS AND SAVING ENERGY

Andy Olsen
Senior Policy Advocate,
Environmental Law & Policy Center, Wisconsin

July 19, 2011

Energy Title History



Environmental Law & Policy Center

- First ever Energy Title created in 2002 Farm Bill
 - Stronger federal commitment to farm-based energy.
 - Rural and agricultural America are home to many renewable resources.
 - Bipartisan support.
- 2008 Farm Bill expanded energy commitments:
 - Energy Title \$1.12 billion in mandatory funding for broad range of clean energy options.
 - Emphasis on advanced biofuels, energy crops.

Energy Title Program Overview: Programs with Mandatory Funding

Environmental Law & Policy Center

- **Rural Energy for America Program (REAP)** – incentives for on-farm and business renewable energy/energy efficiency systems/audits. (\$255 million)
- **Biomass Crop Assistance Program (BCAP)** – encourages new energy crops. (“Such Sums As Necessary”)
- **Repowering Assistance** – incentives to encourage conversion of existing ethanol plant boilers from fossil fuel to renewable biomass. (\$35 million)
- **Biorefinery Assistance Program** – incentives to develop and construct pre-commercial and advanced biofuel production plants. (\$320 million)

Protecting the Midwest's Environment and Natural Heritage

3

Energy Title Program Overview Programs with Mandatory Funding

Environmental Law & Policy Center

- **Biomass Research and Development**
- focused research on primarily advanced biofuels (\$118 million).
- **Biobased Markets Program** – improvements to existing program. (\$9 million)
- **Biodiesel Fuel Education** – continues existing program (\$5 million).
- **Bioenergy Program for Advanced Biofuels** – incentives for non-corn starch biofuels. (\$300 million)



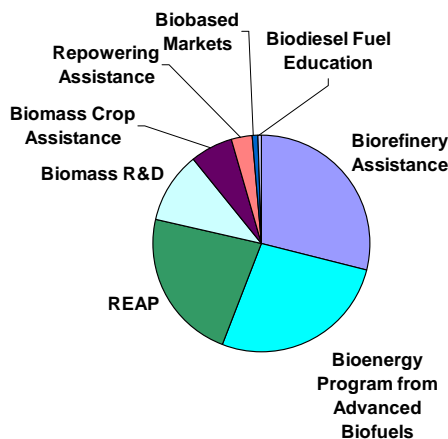
Protecting the Midwest's Environment and Natural Heritage

4

Energy Title Budget Breakdown: Programs with Mandatory Funding



(\$1.12 Billion Budget)



Protecting the Midwest's Environment and Natural Heritage

5

Biorefinery Assistance (§ 9003)

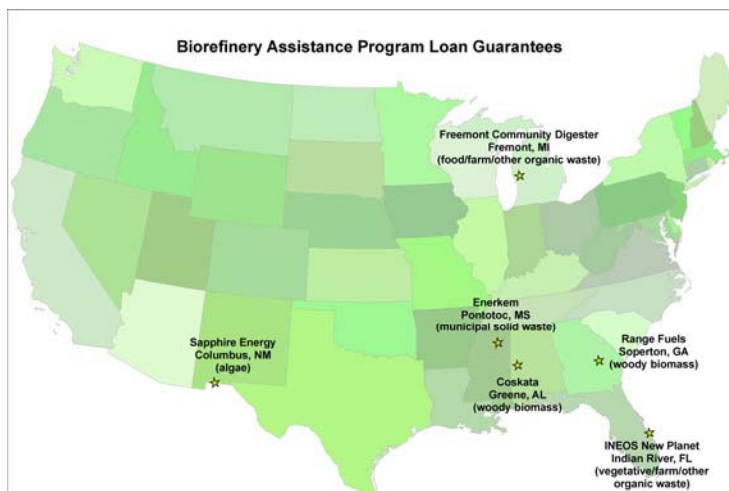


- Loan guarantees for *commercial* plants up to \$250 million each.
- Grants to *demonstration* plants up to 30% of costs.
- Prioritizes “advanced biofuel” production –other than corn kernel starch. Cellulosic, biodiesel.
- Emphasis on moving quickly: Funding up front in first 2 years.
- USDA moving forward rapidly with implementation.

Protecting the Midwest's Environment and Natural Heritage

6

Biorefinery Assistance Projects



Protecting the Midwest's Environment and Natural Heritage

7

Biomass Crop Assistance Program (BCAP) (§ 9011)



Two Main Parts:

- **Establishment and Annual payments:** Create a new supply of energy crops by paying farmers to establish and grow perennial biomass crops, within qualified BCAP project areas.
- **Matching Payments:** Offsets for delivery of biomass to qualified biomass conversion facilities for collecting, harvesting, storing and transporting energy crops by providing dollar-for-dollar matching payments to purchasers up to \$45/ton.

Protecting the Midwest's Environment and Natural Heritage

8

BCAP Progress



- Farm Service Agency has made changes to BCAP since flawed launch in 2009.
- FSA has now approved 5 “Qualified Project Areas”, with many others seeking financing.
- BCAP is sparking interest in energy crops across agriculture, with private companies and entrepreneurs seeking innovations.

What is BCAP's fate?



- FSA made mistakes but changed course decisively with new final rule and reformed policies.
- Shutting down energy crop development will delay, or permanently closeout, the availability of this homegrown resource to the American economy.
- America's energy options will diminish without an energy crop program, along with our energy security.

REAP: Rural Energy for America Program (§ 9007)



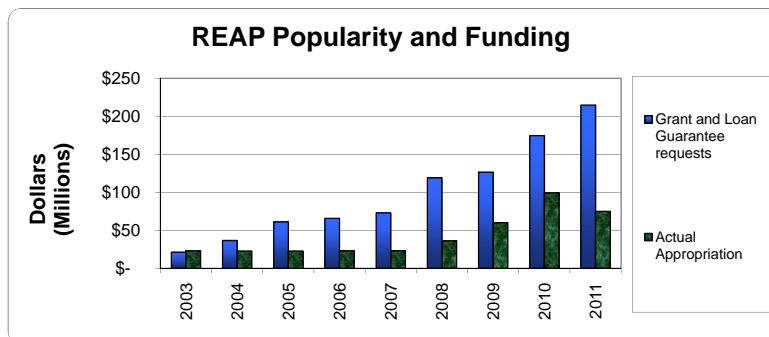
- **Eligible recipients** include agricultural producers and rural small businesses.
 - REAP is only significant federal financing incentive available for these recipients.
- **Eligible Technologies:** Energy efficiency, wind, solar, geothermal, anaerobic digesters, biomass energy, biofuels, marine energy and small hydroelectric.

REAP: Rural Energy for America Program (§ 9007)



- **Grants:** limited to 25% cost-share. Maximum of \$500,000 for renewable energy and \$250,000 for energy efficiency projects. 20% set-aside for small grants.
- **Loan guarantees:** Minimum: \$5,000
Maximum: \$25 million (Increased in 2008 Farm Bill).
- **Energy Audits & Feasibility Studies.**

REAP Resources Lag Demand, Opportunity



- REAP is a popular program, sparking new activity every year.
- REAP provides jobs, 18.45 per million dollars invested.
- A weakened federal commitment will slow progress for new income, business opportunities and jobs.

Protecting the Midwest's Environment and Natural Heritage

13

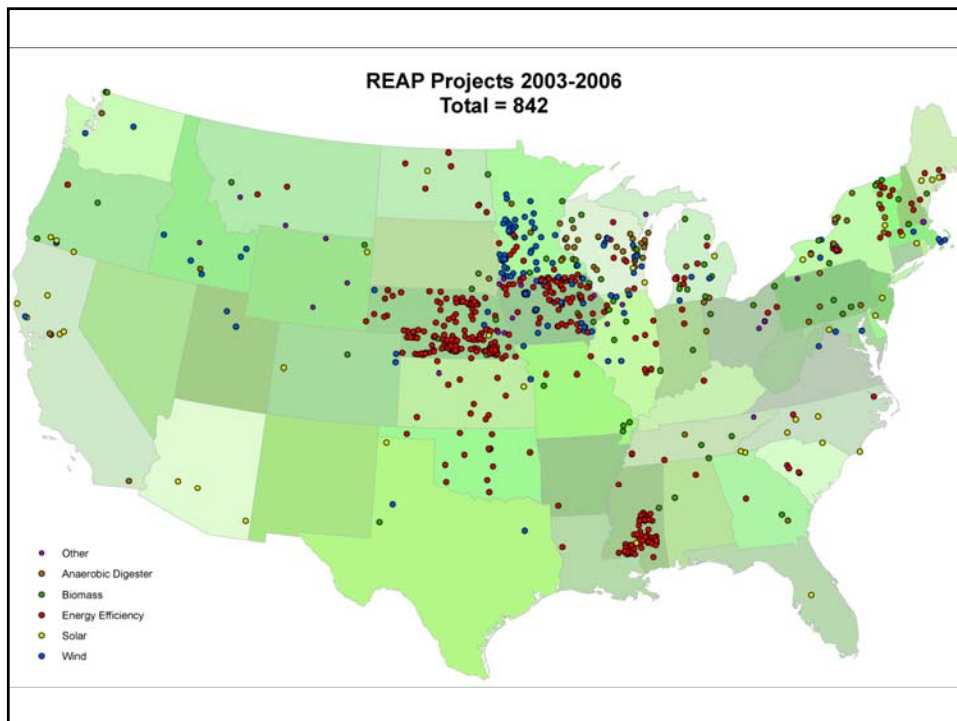
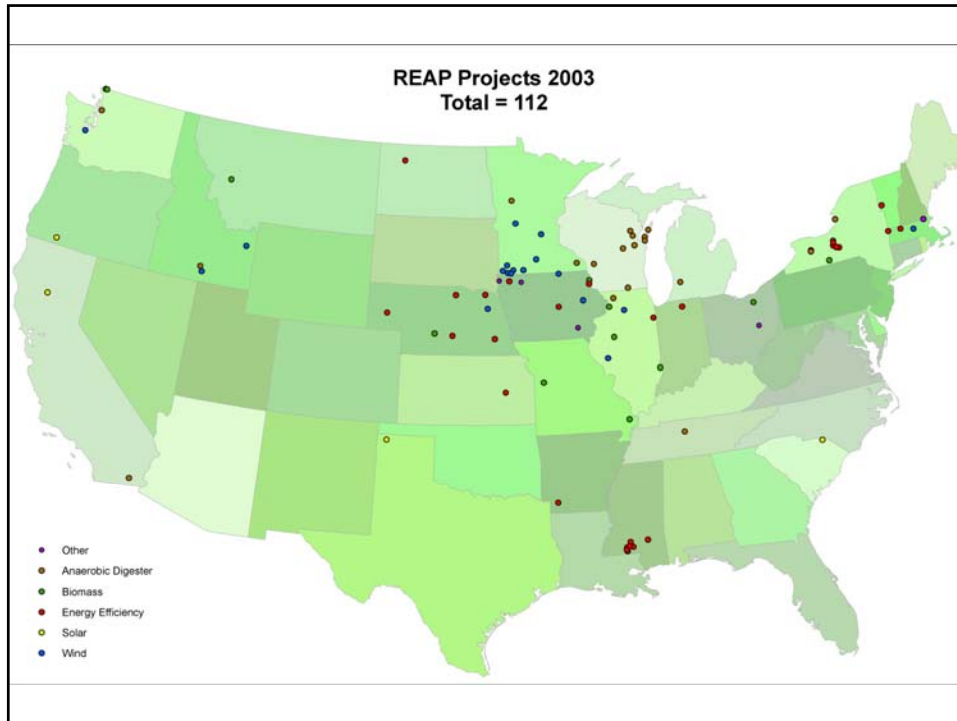
REAP Serves America and Agriculture

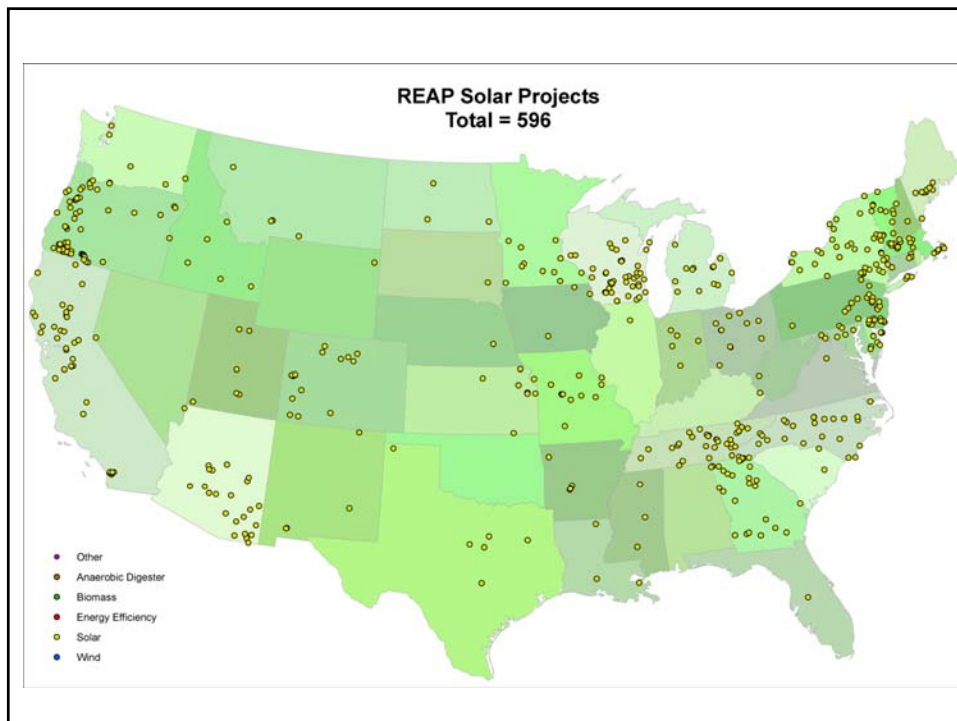
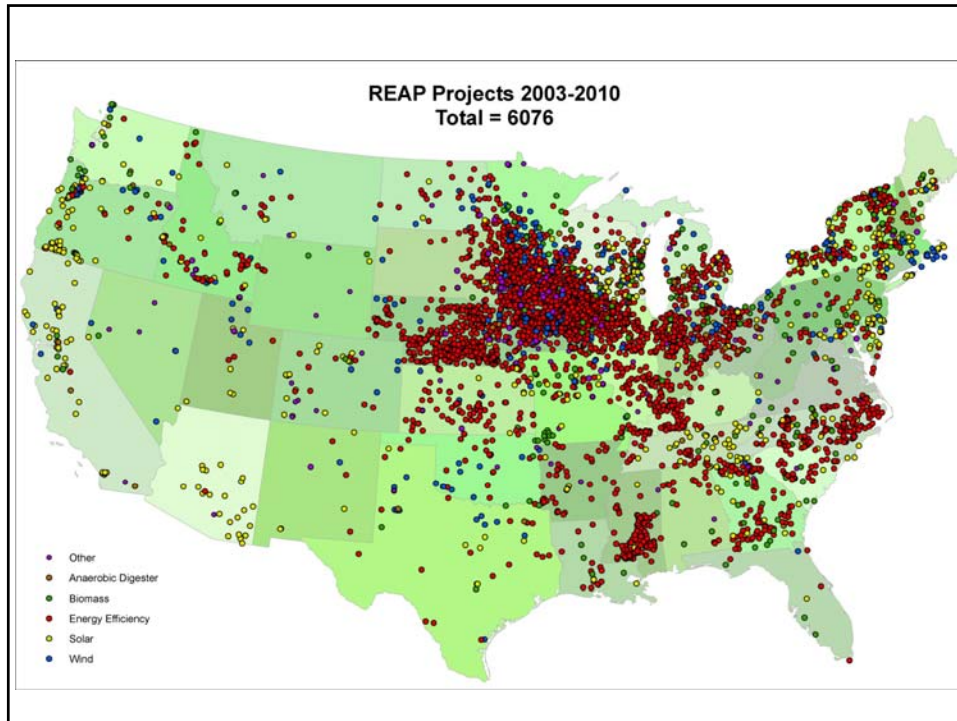


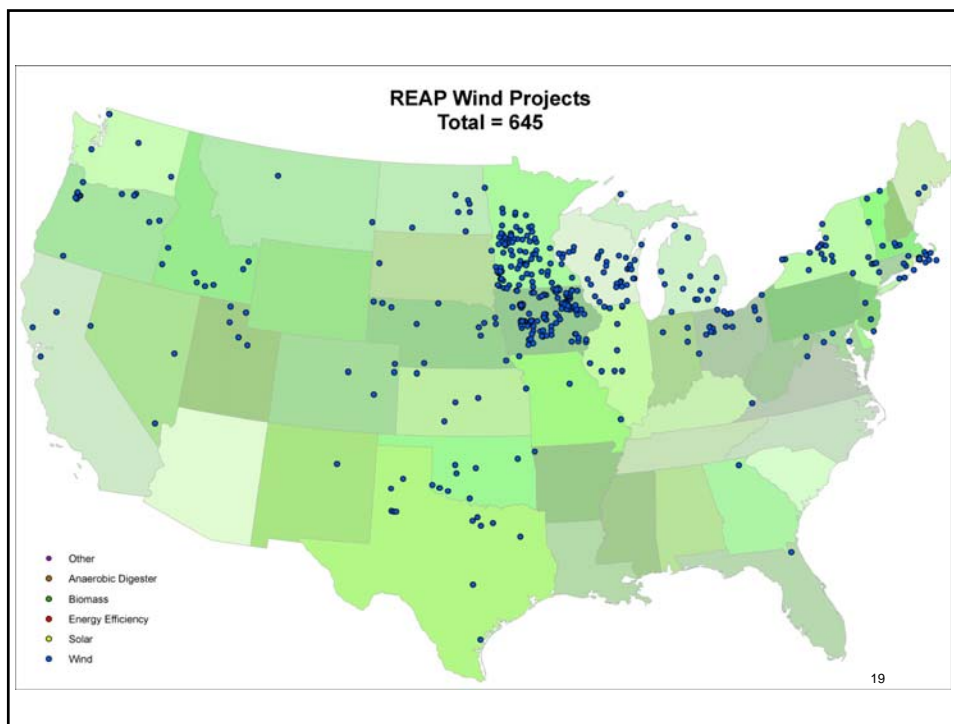
- All agricultural sectors benefit, with diverse technologies.
- All states benefit, according to resources.
- REAP accelerates adoption of energy efficiency and renewable energy technology.
- Energy security, more farm sector opportunities, and a better future for the next generation of agricultural producers.

Protecting the Midwest's Environment and Natural Heritage

14







Conclusion



Thank you for listening!

Andy Olsen
Senior Policy Advocate

608-442-6998
AOlsen@elpc.org
FarmEnergy.org
ELPC.org



2008 Farm Bill Energy Programs The Big Picture



Emphasis on expanding advanced biofuels production along with energy crops, broader farm energy technologies.

- Energy Title - \$1.12 billion in mandatory funding for broad range of clean energy options.
- Tax Title - new cellulosic ethanol credit (\$403 million)
- Research Title - new renewable energy/biofuels research programs (contingent on securing funding)
- Rural Development Title – more specific authority clean energy loans for rural electric cooperatives
- Conservation Title – Energy audits and limited improvements.