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

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Energy Title History

• 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

- **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)

Energy Title Program Overview

Programs with Mandatory Funding

- **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)
Energy Title Budget Breakdown: Programs with Mandatory Funding

($1.12 Billion Budget)

- Biorefinery Assistance
- Biomass Crop Assistance
- Biomass R&D
- REAP
- Bioenergy Program from Advanced Biofuels
- Biorefinery Assistance
- Biodiesel Fuel Education
- Biorefinery Assistance
- Repowering Assistance
- Biobased Markets

Protecting the Midwest’s Environment and Natural Heritage

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.
Biorefinery Assistance Projects

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.
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.

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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.

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.
Conclusion

Thank you for listening!

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Protecting the Midwest’s Environment and Natural Heritage
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.