



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

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Biomass Crop Assistance Program – Project Area Number 7 Switchgrass Growers in Kansas and Oklahoma Eligible to Receive Financial Incentives to Help

Overview

The Farm Service Agency (FSA) has announced the seventh new Biomass Crop Assistance Program (BCAP) project area in Kansas and Oklahoma. BCAP project areas allow eligible landowners and operators to receive financial incentives to establish and produce biomass crops for heat, power, biobased products and advanced biofuels. Producers in Project Area 7 are eligible to receive establishment and annual payments to grow switchgrass and other perennial grasses for energy purposes.

Switchgrass is a native perennial grass well suited for biomass production in many areas due to its high tonnage yields and low establishment and maintenance costs. Additional project flexibility for the planting of mixtures of switchgrass with others grass is also allowed according to Natural Resource Conservation Service (NRCS) requirements. FSA will enter into five-year contracts with participating producers to grow the perennial crop on cropland and non-cropped agricultural land enrolled in BCAP contracts.

As a condition of enrollment, producers must provide evidence that they have a switchgrass production agreement with a third party biomass conversion facility. These grass growers will be allowed to sell their harvested biomass to the project sponsor — Abengoa Bioenergy LLC — or other biomass conversion facilities committed to project area.

Project Area Acreage Location and Phases

The project entails enrollment of up to 20,000 acres in fiscal year 2011 in the following counties:

- Grant County, Kan.
- Haskell County, Kan.
- Morton County, Kan.
- Seward County, Kan.
- Stevens County, Kan.
- Texas County, Okla.

A tract of crop land must be completely located in a project area county to be eligible.

Additional allocations and increases in the acreage enrollment target in excess of 20,000 acres may occur in future years, provided funds are available and project goals are not met with the 20,000 acre target.

Required Reductions in Annual Payments

Producers who enroll land can harvest their switchgrass crops for sale to any biomass conversion facility or any other user. Annual payments will be reduced in the year the eligible crops are harvested or collected from the contract acreage by a percentage of the value of the harvest/collection and any BCAP matching payments. The percentage will vary according to the following table:

REDUCTION PERCENT	FINAL CONVERSION PRODUCT
1 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).
10 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).
25 Percent	If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).
100 Percent	If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).

Participants will be required to maintain the planted fields and harvest the switchgrass during the five year contracts at their own expense; although some exceptions for prevented plantings and crop failures due to no fault of the participants may be approved on a case-by-case basis.

All uses of plant material removed from land enrolled under active

contracts, including sales of first year standing crops, grazing, gleaning or similar uses, also will trigger reductions in annual payments. FSA will require all participants to keep and submit accurate records of the disposition and/or sale of all materials removed from contract acreage.

Establishment Payments

Establishment payments covering up to 75 percent of the eligible costs of the plantings also will be made. These eligible costs will generally include approved site-preparation measures, grass seed, chemicals, and labor and machinery expenses for the plantings. FSA is allocating up to \$3,000,000 for establishment payments in this project, which will reimburse participants for up to \$150/acre for the approved measures.

Matching payments for eligible material biomass will not be made available for biomass harvested or collected from BCAP contracted acreage by eligible material owners.

Eligible Land

Only land classified as cropland or non-cropped agricultural land by FSA is eligible to be enrolled in this project. Forestland and similar lands generally will not be eligible for this project. Eligible land must be suitable, as determined by NRCS, for the production of switchgrass or other approved grasses and legumes.

Ineligible land also includes native sod and land owned by federal agencies, states and local governments. Additionally, land enrolled in Conservation Reserve Program (CRP), Wetlands Reserve Program or Grassland Reserve Program is

ineligible for enrollment in BCAP. Land enrolled in other programs also may be ineligible depending on the terms and conditions of those programs.

All land enrolled must be covered by a conservation plan provided through technical assistance from NRCS or its technical service program partners.

In addition to establishment of new switchgrass planting on cropland, certain fields with existing stands of suitable perennial grasses and legumes also may be enrolled. Generally, those sites for which NRCS determines are capable of producing at least 1.5 dry tons of biomass per acre, per year over the life of the five-year contract can be enrolled without additional grass and legume establishment; some of these existing grass sites may be expired CRP contract fields in project area counties.

Producer Participation

The sign-up periods for producers in project area counties is scheduled to run from Aug. 8 through Sept. 16, 2011. Interested producers are encouraged to inquire and apply early as the sign-up duration and total acreage allocation are both very limited.

Approvals of offers during this period will be made on a continuous basis, subject to funding availability. An enrollment application will be taken at the county USDA Service Center where the farm is administered.

Producers must be in compliance with the highly erodible and wetland compliance provisions of the Food Security Act of 1985, as amended, to be eligible for

BCAP. There are no adjusted gross income requirements or payment limitation requirements for program participants. Any existing cropland base and yield history will be preserved for land enrolled in a BCAP contract

After contracts are approved for fiscal year 2011 the switchgrass plantings are generally expected to start in the (season) of (year) and be harvested in the (season) of (year).

For More Information

For more information about BCAP visit the FSA BCAP website at <http://www.fsa.usda.gov/bcap>, or see the general BCAP fact sheet at http://www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf.

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