

# USDA



## Rural Development

Committed to the future of rural communities.

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



*Southwestern Biofuels Policy Summit*  
*Albuquerque, New Mexico*

*May 27 & 28, 2009*

*William F. Hagy III*

*Deputy Administrator, Business Programs*

*Rural Business – Cooperative Service*

*USDA Rural Development*



# *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.”*



*“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*



# 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

# **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

# 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

# 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.

# 2008 Farm Bill

## Repowering Assistance Program

### (Section 9004)

- 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

# 2008 Farm Bill

## Bioenergy Program for Advanced Biofuels (Section 9005)

- Payments to eligible producers to support and ensure expanded production of advanced biofuels
- Existing production vs. new production

# 2008 Farm Bill

## Bioenergy Program for Advanced Biofuels (Section 9005) - (Cont.)

- 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 \$25,000,000 each FY 2009-2012

# 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

# 2008 Farm Bill

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

- 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: \$25 Million each fiscal year for FY 09 -12

# Section 9006 Funding Activity FY 2003 thru 2008

## Renewable Energy/Energy Efficiency

<u>Technology</u>	<u>No.</u>	<u>Loans, Grants &amp; Combos 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	\$1,105,501,692
Energy Efficiency	1,329	\$34,456,722	\$76,743,867
Subtotal	2,023	\$156,927,663	\$1,182,245,559
Guaranteed Loans	153	\$91,529,855	\$181,321,296
Grand Total	<u>2,176</u>	<u>\$248,457,518</u>	<u>\$1,612,024,373</u>

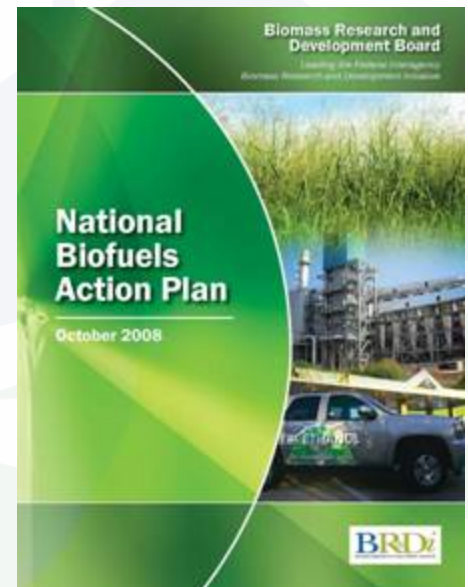


# The National Biofuels Action Plan: An Integrated Federal Approach

- 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



# National Biofuels Action Plan



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

## 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

# How To Learn More About USDA Rural Development Renewable Energy Programs

Contact Your State Rural  
Development Office

[www.rurdev.usda.gov](http://www.rurdev.usda.gov)



Committed to the future of rural communities.



# Any Questions?

