



If you believe, belong.



62125 WOODCREST EXECUTIVE DRIVE, SUITE 100, ST. LOUIS, MO 63141-5009 • PHONE: (314) 576-1770 • FAX: (314) 576-2788



National Biodiesel Board
1331 Pennsylvania Ave.,
NW
Washington, DC 20004
(202) 737-8801
www.biodiesel.org

BIOENERGY PROGRAM FOR ADVANCED BIOFUELS

Background

This Bioenergy Program for Advanced Biofuels was authorized under Section 9005 of the 2008 Farm Bill with \$300 million in mandatory funding provided over 4 years (2009-2012).

A previous version of the program provided payments to ethanol and biodiesel producers and was administered by the USDA Farm Service Agency (FSA). At the close of the Bush Administration, a decision was made to move the program to Rural Development.

USDA Rural Development published a Notice of Contract Proposal (NOCP) on June 12, 2009, for fiscal year (FY) 2009 payments to eligible advanced biofuel producers.

The NOCP included a rural area requirement that excludes from eligibility any entity located in a town with population greater than 50,000.

The NOCP also included a domestic ownership requirement that excludes any entity that is 51% foreign owned.

USDA indicated that the Proposed Rule largely mirrors the NOCP for FY09 payments.

ASA/NBB Position

- Advanced biofuel producers, including biodiesel, are facing difficult market and economic conditions. The Bioenergy Program provides much needed assistance to advanced biofuel producers who are struggling to maintain production, jobs, and the nation's ability to produce advanced biofuels.
- In the interests of providing a level playing field for all biofuel producers, we have consistently advocated that the Bioenergy Program provide equitable payments to all biodiesel producers on all gallons of production.
- We are concerned with the rural area requirement, domestic ownership requirement, and the different payment levels for base and incremental production that were imposed under the NOCP.

Rural Area and Domestic Ownership Requirements

- Neither the rural area nor domestic ownership requirements were contemplated in the statute.
- The Bioenergy Program was established under the Energy Title (Title IX) of the Farm Bill. It is not a Rural Development (Title VI) program, thus, the rural area requirement should not apply.
- The requirement under the NOCP that biofuels plants be located in an area with population less than 50,000 unfairly excludes valuable biodiesel production facilities that make quality fuels; utilize domestic feedstocks; and benefit American farmers and their communities.
- In the case of the Bioenergy Program, the rural development benefits accrue from the significant use of renewable domestic agricultural feedstocks. This benefit exists regardless of the location of the biofuel production facility.
- Farmers, in particular, have realized significant economic benefits as a result of the expanded markets and increased demand for agricultural feedstocks and co-products resulting from biodiesel production.
- Biofuel producers which are domiciled in the United States, employ U.S. citizens, and use domestically produced feedstocks are denied participation in the program under the NOCP.
- The possibility that the rural area and domestic ownership requirements would be imposed was not raised by USDA during the public hearing on the Bioenergy Program or at any time prior to the release of the NOCP.
- The previous version of this program was administered by the Farm Service Agency (FSA) with no rural area or domestic ownership requirement.
- These requirements are inconsistent with the overall goals of USDA biofuels programs, which is to increase domestic, renewable energy sources and expand markets for farmers.

Payment Levels

- Providing different payments levels for base and incremental production makes the program more complex than necessary, and could create inequity among producers.
- USDA's method for calculating base and incremental production levels under the NOCP was convoluted and confusing to producers.
- Providing equal payment levels for all production would result in a simpler, more efficient, fair and equitable program.

Examples of Soy Biodiesel Plants Potentially Excluded from Sec. 9005 Bioenergy Program:

<u>Plant/location</u>	<u>capacity</u>
*Louis Dreyfus – Claypool, IN	80 mg
*Owensboro Grain – Owensboro, KY	50mg
*Carolina Biofuels, Greenville, SC	50mg
*Lake Erie – Erie, PA	45mg
*Cargill/Paseo – Kansas City, MO	37,5mg
Cargill – Iowa Falls, IA	37,5mg
Incobrasa – Gilman, IL	31mg
*Peter Cremer – Cincinnati, OH	30mg
*AGP – St. Joseph, MO	30mg
AGP – Sergeant Bluff, IA	30mg
MN Soy Processors – Brewster, MN	30mg
Prairie Pride – Deerfield, MO	30mg

*Potentially excluded from the Bioenergy Program

Biodiesel Plants Potentially Excluded due to Rural Area & Domestic Ownership Requirement

Alabama

Allied Renewable Energy – Birmingham

Arizona

Greecycle Arizona – Tucson

Performance Biofuels – Chandler

California

Blue Sky Biofuels – Oakland

Community Fuels – Stockton

New Leaf Biofuel – San Diego

Georgia

BullDog Biodiesel – Ellenwood/Atlanta

Hawaii

Pacific Biodiesel - Honolulu

Indiana

Louis Dreyfus – Claypool *(impacted by 51% domestic ownership requirement)

Kansas

Krystal Clean Biofuels - Kansas City

Kentucky

Griffin Industries – Butler

Owensboro Grain – Owensboro

Maryland

Eagle Creek Fuel Services – Baltimore

Missouri

AGP – St. Joseph

Paseo Cargill Energy – Kansas City

North Carolina

Blue Ridge Biofuels – Asheville

Patriot Biodiesel – Greensboro

New Jersey

Fuel Bio One – Elizabeth

Innovation Fuels – Newark

Ohio

Ambiol Flex Fuels – East Toledo
American Made Fuels – Canton
Arlington Energy – Mansfield
Center Alternative Energy – Cleveland
Peter Cremer – Cincinnati
Twin Rivers Technologies – Cincinnati

Oklahoma

Tulsa Biofuels – Tulsa

Oregon

SeQuential Pacific Biodiesel - Salem

Pennsylvania

Lake Erie Biofuels – Erie
United Oil Co. – Pittsburgh

South Carolina

Carolina Biofuels – Greenville
Southeast BioDiesel – Charleston

Tennessee

Milagro Biofuels – Memphis

Texas

BioSelect Fuels – Galveston
Fuel & Lube – Sugarland
Global Alternative Fuels – El Paso
Green Hunter – Houston
Momentum Biofuels – Pasadena
New Fuel Co. – Dallas
Organic Fuels – Galena Park/Houston
The Sun Products – Pasadena
Valco Bioenergy – Harlington

Virginia

RECO Biodiesel - Richmond

Washington

Seattle Biodiesel - Seattle