

# New York BCAP Project Area - 10



USDA Agricultural Air Quality Task Force  
Meeting - August 2, 2012



**Project Sponsor**  
Re-Energy Holdings LLC

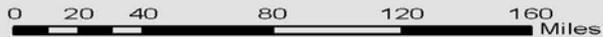
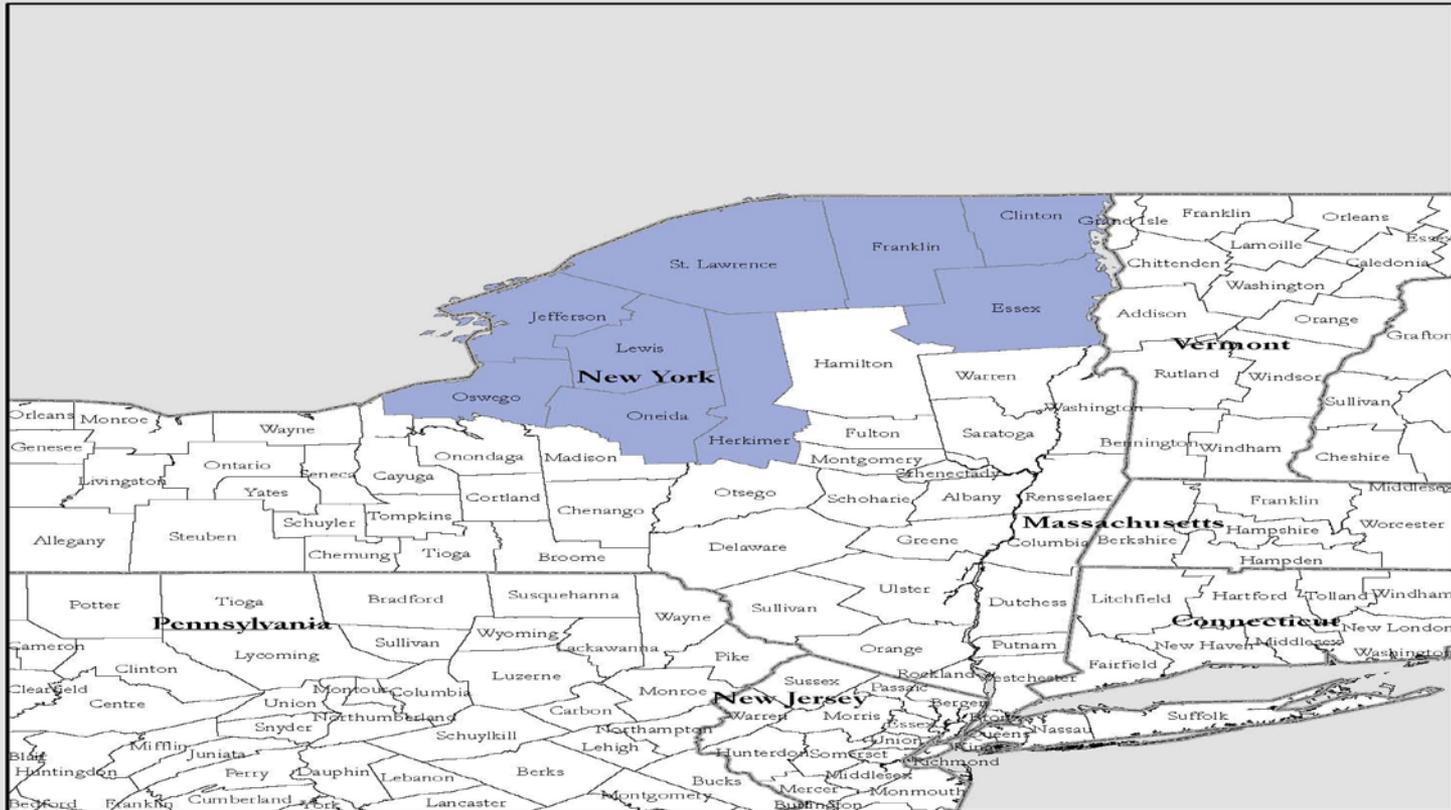
# Project Sponsor Facilities

Re-Energy Lyonsdale

Re-Energy Chateauguay

Re-Energy Black River (Fort Drum)

## *Biomass Crop Assistance Program Project Area 10*



# Eligible BCAP Counties

<b>Clinton</b>	<b>Essex</b>	<b>Franklin</b>
<b>Herkimer</b>	<b>Jefferson</b>	<b>Lewis</b>
<b>Oneida</b>	<b>Oswego</b>	<b>St. Lawrence</b>

# New York BCAP Project Area - 10 Energy Crop

Shrub Willow

# Sign-up Period

- Signup Started on June 18, 2012
- All contracts must be approved by September 14, 2012
- Signup could end before that date if the 3500 acres are contracted before September 14, 2012

# Contracts

- 3500 acres
- 11 year contracts – annual payments
- Total Dollars for project - \$4,287,500
- Effective Date of Contract – 1<sup>st</sup> day of the month after COC approval
- Producer can defer start date 6 months

# Producer Eligibility

- AD-1026 Certification – Highly Erodible and Wetland Provisions – Food Security Act of 1985
- No Adjusted Gross Income restrictions
- No Payment Limitations restrictions
- Complete CCC-901 in Business File for Entities and JV  
– not individuals

# Production Agreements

- ReEnergy will provide interested participants with a production agreement for 3 harvest cycles
- Potential participants will need to visit FSA office to get a map of the offered acreage before requesting a production agreements from ReEnergy (need to know offer acreage)
- Production agreements will require an offer of approximately 100 acres

# Production Agreements

- Will ensure that planting density is followed
- Will include the rate to be paid for the woody biomass on a green ton basis - \$27.50/green ton
- Will ensure that land rent equivalent to average rental rate for the county is paid annually before ReEnergy will accept and pay for harvested material.
  - FSA can do assignments if requested
  - If land is leased then operator must provide a lease to FSA for the length of the contract and land owner must sign BCAP-24 Contract

# Eligible Land

- Land that meets the definition of cropland – 3CM definition (tilled or has been tilled)
- Pastureland
- Land already established to Shrub Willow that meets the NRCS standard and Job Sheet Requirements

Note: Cropland base and yield history will be preserved for land enrolled in a BCAP contract

# Rental Rate Calculations

- Cropland – per acre annual rental payments determined using posted cropland Soil Rental Rates (SRR) – weighted average of 3 predominate soils
- Pastureland – per acre annual rental rate - MPL Rental Rate (MPLRR)
- Already established shrub willow – use posted cropland SRR – weighted average of 3 predominate soils
- Additional 25% incentive payment will be applied to the weighted average SRR or MPLRR

# Soil rental rates and incentives

County	Weighted Average SRR	25% Incentive Added	Marginal Pastureland SRR	25% Incentive Added
Clinton	\$32.97	\$41.21	\$30.00	\$37.50
Essex	\$19.57	\$24.46	\$30.00	\$37.50
Franklin	\$39.63	\$49.54	\$30.00	\$37.50
Herkimer	\$38.77	\$48.46	\$37.00	\$46.25
Jefferson	\$40.74	\$50.93	\$30.00	\$37.50
Lewis	\$56.27	\$70.37	\$37.00	\$46.25
Oneida	\$40.28	\$50.35	\$42.00	\$52.50
Oswego	\$18.45	\$23.06	\$30.00	\$37.50
St. Lawrence	\$38.75	\$48.44	\$30.00	\$37.50

# Ineligible Land

- Active CRP, WRP & GRP contracts
- Native Sod
- Land owned by Federal agencies, States, local governments, including school districts

# Annual Payments

- One-half of the calculated first year annual payment can be issued as soon as practicable following contract approval – if requested
- The remaining half and all subsequent annual payments will be paid after the anniversary date of the contract

# Reductions in year of harvest

- The annual payment will be reduced in the year of harvest
- Example: 15 dry tons of material harvested per acre x \$55.00/ bone dry ton = \$825.00 per acre
- Annual payment rental rate = \$40.00 per acre
- If the material is delivered to a biomass conversion facility for conversion to heat, power or bio-based products the reduction percentage is 25%
- $\$825.00 \times .25 = \$206.25$
- Annual payment would be zero in the year of harvest

# Annual Payment Reduction

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 biofuel, 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).

# Crop Establishment – BC3B Practice

- 75<sup>0</sup>% cost-share – up to \$741.00 per acre
- Establishment practices started or implemented before the submission of the offer – BCAP-23 and FSA-848 are NOT eligible for reimbursement
- Partial payments for practice performance are authorized

# Practice BC3B – Shrub Willow Crop Establishment

- 5800 stems per acre will be planted – mechanical planter
- Double rows – with spacing between each set of double rows for harvest equipment
- 40-50 feet of vegetated area will be left at the end of the rows for equipment movement
- All of this acreage will be enrolled in the contract

# Components Eligible for Cost-share

- Shrub Willow planting material
- Cover Crop establishment after burn down of permanent cover
- Rock removal
- Cover establishment in traffic lanes and ends of rows
- Coppicing of 1 year growth
- Lime, fertilizer, weed and insect control measures necessary for establishment of the stand

All according to the NRCS Conservation Plan

# Ineligible for cost-share

- Any minerals, nutrients, pesticides and other weed control measures to maintain an adequate established stand
- Participant is responsible for all maintenance measures at their own expense
- Harvesting, storing and transporting of biomass to Biomass Conversion Facility
- Practices or components already established before submission of the offer

# Other Practice Requirements

- Planting must be completed within 12 months of the effective date of Form BCAP-24
- COC can waive the 12 month deadline – not to exceed 24 months for weather, and/or plant material shortages
- Noxious weeds and other undesirable plants, insects and pests must be controlled
- All maintenance and harvest must be outside the primary nesting season ( April 1st through August 1<sup>st</sup>) once crop is established

# Conservation Plans

- NRCS will develop Conservation plans
- NRCS will provide LTP-4 Form with planting provisions

# Items to consider on potential offers

- AD-1026 Certification
  - Producer can certify compliance if land does not have a determination
  - Undetermined land (UHEL) will need a HEL/NHEL determination – Item 9 on AD-1026
  - Producer can request a wetland determination on Form AD-1026 – Item 10A
    - Request determination if you intend to conduct land leveling, filing, land clearing, excavation or stump removal

# Eligible wetland labels

- Farmed Wetland (FW)
- Manipulated and used for the production of an agricultural commodity as of December 23, 1985.
- Not abandoned.
- May be used for production of agricultural commodities or forage. Can plant willow on this land.
- May be maintained to the extent that existed before December 23, 1985, if “as- built” records exist.

# Eligible Wetland labels conti.

- Farmed Wetland Pasture and Hayland (FWP)
- Manipulated and used for pasture or hay as of December 23, 1985.
- Is inundated for at least 7 consecutive days or saturated for 14 days during the growing season.
- Not abandoned.
- May be used for production of agricultural commodities or forage – Can plant willow on this land.
- May be maintained to the extent that existed before December 23, 1985, if “as- built” records exist.

# Eligible Wetland Label conti.

- Prior Converted Cropland (PC)
- Wetland converted to cropland before December 23, 1985, and as of December 23, 1985, was capable of being cropped and did not meet farmed wetland hydrology criteria.
- No restrictions unless manipulation would convert adjacent wetlands.

# Eligible Wetland labels conti.

- Wetland (W)
- Meets wetland criteria.
- Not converted after December 23, 1985.
- Also, includes areas previously identified as FW or FWP, which have been abandoned.
- May be farmed under natural conditions without removal of woody vegetation. Can plant willow on this land.
- At level needed to maintain original system on FW, FWP, and PC. Must not convert additional wetlands or exceed original scope and effect of drainage system.

# Eligible Wetland labels conti.

- Wetlands that have been manipulated (WX)
- Wetlands that have been manipulated but not for the purpose of or making possible production of an agricultural commodity. ( OK for the planting of Shrub Willow)
- Would cause ineligibility if production was later made possible. Can never plant corn/soybeans on the fields without a violation of Food Security Act.
- No restrictions as long as production not made possible, including on an adjacent wetland.



QUESTIONS??