



Questionable start for new biomass program

MINNEAPOLIS, OCTOBER 1, 2009 — When Congress passed the Biomass Crop Assistance Program (BCAP) in the last Farm Bill, renewable energy supporters and sustainable agriculture advocates both cheered. Here is a program to help farmers start to plant and grow new cellulosic crops for the next generation of biofuels, bioenergy and biobased products. The goal is to provide incentives to develop more home-grown renewable energy across the U.S.

But the way the U.S. Department of Agriculture (USDA) has rolled out the first part of BCAP is raising eyebrows, as initial funding seems to be going to pay for already-existing biomass supplies used for renewable energy, instead of focusing on helping to jump-start the new cellulosic energy future.

BCAP is primarily designed to help those planting perennial crops like grasses and quickly growing trees, by paying for up to three-quarters of establishment costs. In addition, all biomass growers in the selected BCAP project areas surrounding biomass conversion facilities could collect five years of annual payments (up to 15 years for woody biomass) in exchange for delivering biomass to the facility. Additional payments will assist with collection, harvest, storage and transportation by matching the price paid for biomass delivered to facilities, up to \$45 per ton.

It is the latter payments which are proving problematic. As part of President Obama's Biofuels Initiative, USDA jumped over the main part of the program that helps biomass producers, because rules were not yet written. Instead they launched the payments for collection, harvest, storage and transportation. Using the more agile process known as a Notice of Funding Availability, USDA decided to match the price of delivered biomass at any biomass conversion facility, regardless of whether there was anything new or additional or innovative involved.

Of the 33 biomass conversion facilities approved for the matching payment program thus far, at least 25 of them are dealing with wood waste, according to the facilities' Web sites. Of those, at least one aims to export wood pellets to Europe. How will that help the U.S. convert from fossil fuels to biomass energy? Most of the conversion facilities are established operations that presumably had established suppliers

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About IATP

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota with offices in Washington D.C. and Geneva.

of woody biomass. Did their suppliers need to have the price matched? What will happen in two years when the price suppliers receive is suddenly slashed in half and market disruption ensues? Will all the money be spent on unneeded subsidies for wood waste, leaving little for planting cellulosic energy crops?

At least one facility on the approved list does seem to meet the aims of BCAP. The Show Me Energy Cooperative of Centerview, Missouri, is a group of 500 producers who recently built a pelletizing facility to process a variety of biomass materials from their farms, such as switchgrass, straw, corn stover, sawdust, woodchips, and more. So far they sell the product for heating homes and livestock buildings, and they are experimenting with selling the pellets to an electric power plant, to co-fire with coal.

This cooperative is developing new approaches to biomass energy, using new biomass sources and working on a small-scale model that they hope will be replicated every 100 miles or so, unlike the other facilities which are either doing what they always were doing, or creating a new biomass export market.

Unfortunately, at least so far, USDA seems to be getting BCAP wrong. They should reconsider the true intent of the program and focus on helping farmers plant and deliver new crops for renewable energy.

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