



Committed to the future of rural communities

Section 9005 - Payments to Eligible Advanced Biofuel Producers

PURPOSE

To support and ensure an expanding production of Advanced Biofuels by providing payments to Eligible Advanced Biofuel Producers to promote sustainable economic development in rural America; and providing economic incentives for increased production of advanced biofuel and use.

APPLICANT ELIGIBILITY

Applicants must be an *Eligible Advanced Biofuel Producer* (hereafter referred to as 'Producer'), and must meet all requirements for program payments, including citizenship requirements specified in the June 12, 2009 Notice of Contract Proposals (NOCP).

Advanced biofuel producer - An individual or legal entity, including, but not limited to, a corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, group of organizations, or non-profit entity that produces an Advanced Biofuel.

Advanced biofuel - Fuel derived from Renewable Biomass, other than corn kernel starch, to include:

- (i) Biofuel derived from cellulose, hemicellulose, or lignin;
- (ii) Biofuel derived from sugar and starch (other than Ethanol derived from corn kernel starch);
- (iii) Biofuel derived from waste material, including crop residue, other vegetative waste material, animal waste, food waste, and yard waste;
- (iv) Diesel-equivalent fuel derived from Renewable Biomass, including vegetable oil & animal fat;
- (v) Biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from Renewable Biomass;
- (vi) Butanol or other Alcohols produced through the conversion of organic matter from Renewable Biomass;
- (vi) Other fuel derived from cellulosic biomass.

PAYMENT AMOUNTS

The number of payments made will depend on the number of eligible participating Producers. The amount of each payment will depend on the number of producers participating in the program, the amount of advanced biofuels being produced, and the amount of funds available. Payments to participating Producers will be made in one payment following the end of FY 2009.

Congress appropriated \$30 million mandatory funding to this program for FY 2009. Mandatory funding is available through FY 2012.

DETERMINATION OF PAYMENT RATE

The Agency will establish payment rates for both Base and Incremental Production of Eligible Advanced Biofuels, for both Smaller Producers and Larger Producers (refining capacity exceeding 150,000,000 gallons).

For both Smaller Producers and Larger Producers, the *Incremental Production* payment rate will be 3 times higher than their respective *Base Production* payment rate.

Base production - The quantity of Eligible Advanced Biofuels produced at an Advanced Biofuel Biorefinery. If the Biorefinery has been in existence for:

12 months or more prior to June 12, 2009, Base Production will be equal to the actual amount of Biofuel produced over that 12-month period.

Less than 12 months prior to June 12, 2009, Base Production will be equal to the amount of production the biorefinery could produce if operated at the nameplate capacity for a full year times the startup/shakedown factor as determined by the Agency.

NOTE: If the Advanced Biofuel Biorefinery will begin producing after June 12, 2009, the Biorefinery's Base Production for FY 2009 will be equal to the quantity projected to be produced by the Biorefinery's producer as reported in Form RD 9005-1.

Incremental production - The quantity of Eligible Advanced Biofuel produced in excess of that Biorefinery's *Base Production*.

- For Advanced Biofuel Biorefineries that begin producing Eligible Advanced Biofuels *after June 12, 2009*, production in excess of Base Production will not be treated as Incremental Production.

ENROLLMENT PERIOD

Producers who expect to have eligible production at any time during FY 2009 (Oct 1, 2008 – Sept 30, 2009) must enroll in the program between June 12, 2009 and August 11, 2009.

APPLICATION PROCESS

In overview, applicants must submit the following to Kansas's Rural Energy Coordinator for USDA Rural Development, 1303 SW First American Place, Suite 100, Topeka, KS 66604-4040:

- (1) *Form RD 9005-1, "Advanced Biofuel Payment Program Annual Application."*
 - (i) Producers must submit authoritative evidence documenting production of Advanced Biofuels, and the eligibility of the Advanced Biofuels, between October 1, 2007, and September 30, 2008. Advanced Biofuel production must be certified as stated elsewhere in the NOCP in order to be eligible for payment, including determining Base and Incremental Production amounts.
 - (ii) Applicants may submit this form for an Advanced Biofuel Biorefinery that is scheduled to begin producing Eligible Advanced Biofuels after the application period for FY 2009 closes and before the end of FY 2009.
 - (iii) Dun and Bradstreet Universal Numbering System (DUNS) number (unless the applicant is an individual). The DUNS number is a nine-digit identification number, which uniquely identifies business entities. A DUNS number can be obtained at no cost via a toll-free request line at 1-866-705-5711 or online at <http://fedgov.dnb.com/webform>.
- (2) *Certifications*. Producers must furnish the Agency all required certifications identified in the NOCP, as applicable, before acceptance into the program; and furnish access to the Producer's records required by the Agency to verify compliance with program provisions. The required certifications depend on the type of Biofuel produced. Certifications are to be completed and provided by an accredited independent, third-party.
- (3) *RD Instruction 1940-Q, Exhibit A-1, "Restriction on Lobbying (if over \$100,000)"*
- (4) *SF-LLL, "Disclosure of Lobbying Activities"*
- (5) *RD 400-4, "Assurance Agreement"*

RESOURCES

USDA Rural Development (National site) - <http://www.rurdev.usda.gov/rbs/busp/9005Biofuels.htm>

USDA Rural Development (Iowa site - NOCP, forms, etc) - <http://www.rurdev.usda.gov/ia/rbs.html>

FOR MORE INFORMATION

<u>Area Office Contacts:</u>	
Brandon Prough (785) 628 – 3081 (Hays, KS)	Katie Casper (316) 365 - 2901 (Iola, KS)
Larry Holz (785) 776 – 7582 (Manhattan, KS)	Doug Clary (316) 283 - 0370 (Newton, KS)
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David Kramer (785) 271 -2736 (Topeka, KS)	