

Title IX – Energy

(1) Definitions

The House bill modifies the definition of “biobased product” to explicitly include forestry materials and forest products that meet biobased content requirements, notwithstanding the market share the product holds, the age of the product, or whether the market for the product is new or emerging. (Section 9001(1)) The bill also defines “forest product” to ensure that mature forest products are treated in the same manner as other biobased products. (Section 9001(3)) Additionally, the bill defines “renewable energy system” to limit the eligible projects in the Rural Energy for America Program. (Section 9001(4))

The Senate amendment defines “renewable chemical” as a monomer, polymer, plastic, formulated product, or chemical substance produced from renewable biomass. (Section 9002(3))

The Conference substitute adopts the House provision with an amendment. The amendment includes the Senate definition of “renewable chemical”. The modification of the definition of “biobased product” is moved to Section 9002. (Section 9001)

(2) Biobased Markets

The House bill extends current law through FY2018. No mandatory funding is authorized. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9002(h))

The Senate amendment establishes a targeted biobased-only procurement requirement for federal agencies. The amendment limits reporting on the availability, relative price, performance and environmental and public health benefits of biobased materials subject to the availability of data. It adds reporting requirements of quantities and types of biobased products purchased by procuring federal agencies and a focus on biobased content requirements (explicitly including forest products). The amendment mandates (within one year of enactment) designation of intermediate ingredients or feedstocks and assembled and finished biobased products according to guidelines. (Section 9002(a)(1)) Additionally, the amendment adds auditing and compliance activities to ensure proper use of biobased labeling. (Section 9002(a)(2)) It adds an outreach, education, and promotion component (with annual reports) to increase awareness of biobased products. (Section 9002(a)(4)) It also mandates a study (and report) by USDA to assess the economic impact of the biobased product industry, due 180 days after enactment. It encourages coordination, review and approval (with appropriate technical assistance) of forest-related biobased products. (Section 9002(a)(5)) The amendment also authorizes mandatory funding of \$3 million annually for FY2014-FY2018. Lastly, it authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9002(a)(7))

The Conference substitute adopts the Senate provision with an amendment. The amendment removes the outreach, education and promotion component and provides that the economic impact study be completed within one year of enactment. (Section 9002)

The Conference substitute reauthorizes the BioPreferred Program and the Federal Government Procurement Preference Program with modifications to include reporting of biobased purchases by the federal agencies, as well as providing for auditing and enforcement of biobased purchasing activities. The Conference substitute also clarifies that all forest products are eligible for inclusion in the BioPreferred Program and the Federal Government Procurement Program if they meet biobased content requirements and the innovation standards for the

program as outlined in Section 9002(a)(1)(B)(i)(III)(vi). Finally, the Conference substitute provides \$3 million in mandatory funding each fiscal year.

The Managers are cognizant of concerns that the USDA Biobased Markets Program has excluded most forest products. This exclusion, created in USDA rulemaking, has effectively made many forest products ineligible for the program. Therefore, Sections 9001(2) and 9002(a)(1)(B)(i)(III) are intended to clarify that all forest products, regardless of the market share the product holds, the age of the product, or whether the product's market is new or emerging, are eligible for the procurement and labeling program as long as the product meets biobased content requirements and the innovation standards for the program as outlined in Section 9002(a)(1)(B)(i)(III). It is the Managers' intention that all products in the program use innovative approaches in the growing, harvesting, sourcing, procuring, processing, manufacturing, or application of the biobased product.

The Managers believe that most forest products, including products with recovered fiber content, apply innovative approaches in the growing, harvesting, sourcing, procuring, and manufacturing of the product. Innovative approaches for forest products include, but are not limited to, sourcing fiber from non-controversial, responsible or certified sources identified in the ASTM 7612-10 standard; using an environmental product declaration that meets the ISO 14025:2006 standard; improving wood, recovered fiber and virgin fiber processing technologies; or modifying manufacturing facilities to make them more energy efficient and enhance their ability to use renewable energy sources. The Managers also believe innovative approaches should capture any innovation in the application of the forest product. Such innovative approaches should include the use of raw forestry materials, processed forestry materials, as well as recovered fiber. The Managers direct USDA to work through the USDA Forest Products Laboratory to provide technical assistance as necessary to forest product applicants to ensure that forest products are included in the program.

Finally, the Managers recognize the tremendous opportunity that exists for Biobased products to be used in food packaging and the food service industry. Products made from wheat straw can play an important role in this effort, and the Managers expect USDA to continue to work with companies bringing these types of products to market under the BioPreferred label.

(3) Biorefinery Assistance

The House bill eliminates grant funding to ensure that program funds are spent more efficiently through loan guarantees. (Section 9003(a)) Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$75 million annually for FY2014-FY2018. (Section 9003(b))

The Senate amendment renames the program as the Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program. It extends and expands the program to include renewable chemical and biobased product manufacturing (defined as development, construction, and retrofitting of technologically new commercial-scale processing and manufacturing equipment and required facilities used to convert renewable chemicals and other biobased outputs into commercial-scale end products). It extends grant and loan guarantee availability to the development and construction of renewable chemical and biobased product manufacturing facilities. (Section 9003(a)) The amendment authorizes mandatory funding of \$100 million for FY2014 and \$58 million each for FY2015-FY2016, but not more than \$25 million of FY2014-FY2015 may be used to promote biobased product manufacturing. It authorizes to be appropriated \$150 million annually for FY2014-FY2018. (Section 9003(b))

The Conference substitute adopts the Senate provision with an amendment. The amendment eliminates grant funding, directs the Secretary to ensure that there is diversity in the types of projects approved, and caps the amount of funds used for loan guarantees to promote biobased product manufacturing at 15% of the total available mandatory funds. Mandatory funding of \$100,000,000 is provided for FY2014, \$50,000,000 for each of FY2015 and FY2016 and an authorization of \$75,000,000 is provided for each of fiscal years 2014 through 2018. (Section 9003)

(4) Repowering Assistance Program

The House bill extends current law through FY2018. Additionally, no mandatory funding is authorized. It authorizes to be appropriated \$10 million annually for FY2014-FY2018. (Section 9004)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment provides mandatory funding of \$12,000,000 in fiscal year 2014, available until expended. (Section 9004)

(5) Bioenergy Program for Advanced Biofuels

The House bill extends the program through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$50 million annually for FY2014-FY2018. (Section 9005)

The Senate amendment extends the program through FY2018. Additionally, no mandatory funding is authorized. It authorizes to be appropriated \$20 million annually for FY2014-FY2018. (Section 9004)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides mandatory funding of \$15,000,000 for each of fiscal years 2014 through 2018. (Section 9005)

(6) Biodiesel Fuel Education Program

The House bill extends the Biodiesel Fuel Education Program through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018.

The Senate amendment extends the Biodiesel Fuel Education Program through FY2018. The amendment authorizes mandatory funding of \$1 million annually for FY2014-FY2018. It authorizes to be appropriated \$1 million annually for FY2014-FY2018.

The Conference substitute adopts the Senate provision. (Section 9006)

(7) Rural Energy for America Program

The House bill creates a three-tiered application process for loan guarantees and grants. (Section 9007(a)) Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$45 million annually for FY 2014-FY2018. (Section 9007(b))

The Senate amendment creates a three-tiered application process with language similar to the House provision. The amendment adds a council (as defined in section 1528 of the Agriculture and Food Act of 1981) as an eligible entity, and adds “such as for agricultural and associated residential purposes” to clarify the type of renewable energy systems that may be purchased. It repeals the use of REAP funds for feasibility studies and limits grants to the lesser

of \$500,000 or 25% of the cost of the RES or EEI activity. (Section 9006(a)) The amendment authorizes mandatory funding of \$68.2 million annually for FY2014-FY2018. It authorizes to be appropriated \$20 million annually for FY2014-FY2018. (Section 9006(b))

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the provision clarifying the type of renewable energy systems that may be purchased and strikes the \$500,000 cap on grants for renewable energy systems and energy efficiency improvements. Mandatory funding of \$50,000,000 is provided for fiscal year 2014 and each fiscal year thereafter. (Section 9007)

The Managers encourage the Department to continue to support renewable and energy efficiency projects to help farmers and rural small businesses cut costs. The Managers also encourage the Department to consider and fund a diverse range of projects.

The Managers clarify that the intent of the program has been to promote energy efficiency and the production of renewable energy, rather than energy delivery. Therefore, renewable fuel blender pumps or other mechanisms to dispense fuel are not a use of the program consistent with this purpose.

(8) Biomass Research and Development

The House bill extends BRDI through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$20 million annually for FY2014-FY2018. (Section 9008)

The Senate amendment extends BRDI through FY2018. The amendment authorizes mandatory funding of \$26 million annually for FY2014-FY2018. It authorizes to be appropriated \$30 million annually for FY2014-FY2018. (Section 9007)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides mandatory funding of \$3,000,000 for each of fiscal years 2014 through 2017 and discretionary funding of \$20,000,000 for each of fiscal years 2014 through 2018. (Section 9008)

The purpose of the Biomass Research and Development Initiative (BRDI) is to promote research and development regarding the production of biofuels and biobased products. The Managers encourage the Department to support research, development and demonstration efforts focused on reducing the costs of producing sugars from cellulosic biomass. The Managers also encourage the Department to prioritize and focus investment in projects that use pre-commercialization processes and methods to advance product development.

The Managers are aware of a number of advanced manufacturing facilities around the country that can play an active part in the development phase of biofuels and biobased products and urge the Secretary to encourage their involvement in BRDI projects.

(9) Biomass Crop Assistance Program

The House bill eliminates collection, harvest, storage, and transportation payments. The bill adds “existing project areas that have received funding” to the factors the Secretary shall consider when selecting project areas. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$75 million annually for FY2014-FY2018. (Section 9010)

The Senate amendment rewrites Sec. 9011 of Farm Security and Rural Investment Act of 2002 including the following revisions: changes enrolled land eligibility; includes residue from crops receiving Title I payments as eligible material, but extends exclusion to any whole grain from a Title I crop, as well as bagasse and algae. One-time establishment payments are limited to

no more than 50% of cost of establishment, not to exceed \$500 per acre (\$750/acre for socially disadvantaged farmers or ranchers). CHST matching payments may not exceed \$20 per dry ton but are available for a four year period. Not later than four years after enactment, USDA shall submit a report on best practice data and information gathered from participants. It authorizes mandatory funding of \$38.6 million annually for FY2014-FY2018. Not less than 10% or more than 50% of funding may be used for CHST. (Section 9011)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides that CHST payments are available for a period of two years and provides that funding under the subsection shall be available for technical assistance. The amendment provides mandatory funding of \$25,000,000 for each of fiscal years 2014 through 2018. (Section 9010)

(10) Forest Biomass for Energy

The Senate amendment repeals the program. (Section 9010)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 9011)

(11) Community Wood Energy Program

The House bill extends the Community Wood Energy Program through FY2018. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9011)

The Senate amendment defines “Biomass Consumer Cooperative”. The amendment authorizes grants of up to \$50,000 to be made to establish or expand biomass consumer cooperatives that will provide consumers with services or discounts relating to the purchase of biomass heating systems or products (including their delivery and storage). Any biomass consumer cooperative that receives a grant must match at least the equivalent of 50% of the funds toward the establishment or expansion of a biomass consumer cooperative. (Section 9011(a)-(c)) It authorizes to be appropriated \$5 million annually for FY2014-FY2018. (Section 9011(d))

The Conference substitute adopts the Senate provision. (Section 9012)

(12) Biofuels Infrastructure Study

The House bill repeals the study. (Section 9012)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision. (Section 9013)

(13) Renewable Fertilizer Study

The House bill repeals the study. (Section 9013)

The Senate amendment repeals the study. (Section 9012)

The Conference substitute adopts the House provision. (Section 9014)

(14) Energy Efficiency Report for USDA Facilities

The House bill requires USDA to submit a report to the House and Senate Agriculture Committees on energy use and energy efficiency projects at USDA facilities within 180 days.

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision (Section 9015)