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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Notice of Funds Availability (NOFA); Farm-to-Fleet Feedstock Program Biofuel

Production Incentive (BPI)

AGENCY: Commodity Credit Corporation and Farm Service Agency, USDA.

ACTION: Notice.

SUMMARY: In support and for the purposes of the Farm-to-Fleet Program, the U.S.

Department of Agriculture (USDA) Commodity Credit Corporation (CCC) is announcing that funding is available to pay a BPI to companies that are refining biofuel in the United

States from certain domestically grown feedstocks converted to drop-in biofuel. If

eligibility requirements are met, subject to availability of funds, the USDA Farm Service

Agency (FSA) will use CCC funds to pay a per gallon incentive amount for JP-5 and F-

76 blended biofuels produced from eligible feedstocks and delivered to the U.S.

Department of Navy (U.S. Navy). Up to \$50 million of CCC funds is available for

obligation through fiscal year (FY) 2018. USDA does not expect funding to be a

constraint through FY 2018; however, should there be a demand in excess of \$50 million,

USDA would consider requesting additional funds be made available for BPI payments.

As explained in this NOFA, the BPI payment rate will range between 8.335 to 25 cents

per blended gallon of biofuel depending on the blended rate; the payment rate will not be

based on which eligible feedstock is used to produce the biofuel. The total BPI payment

will be determined by multiplying the payment rate by the number of gallons of

qualifying biofuel blend delivered under a Defense Logistics Agency (DLA) Energy

contract. Biofuel vendors that deliver blended biofuel under a DLA Energy contract on behalf of the U.S. Navy that was refined in the United States and was produced from a domestically grown eligible feedstock are referred to in this NOFA as “claimants” for the BPI payment. As further specified in the Background of this NOFA and subject to the availability of funds, FSA will make a BPI payment to the claimant upon receipt of the following information: Quantity of delivered biofuel blend, identification of the U.S. produced feedstock from which the biofuel was produced, and the blend rate.

FOR FURTHER INFORMATION CONTACT: Kelly Novak, (202) 720-4053.

ADDRESSES: As a claimant, submit your information to request a BPI Payment to Farm Service Agency, USDA, Attn: Kelly Novak, (202) 720-4053; 1400 Independence Ave, SW, Room 4765, Washington, DC 20250; or kelly.novak@wdc.usda.gov.

SUPPLEMENTARY INFORMATION:

BACKGROUND

The joint USDA and U.S. Navy Farm-to-Fleet Program was announced in December 2013 and added the purchase of biofuel blends into Department of Defense (DOD) domestic solicitations for JP-5 and F-76 fuels. Funds from USDA’s CCC are used for this effort to help increase the domestic consumption of agricultural commodities in the biofuel market. The CCC Charter Act (15 U.S.C. 714c(e)) authorizes CCC to use its general powers to increase the domestic consumption of agricultural commodities (other than tobacco) by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities. CCC funding is available to pay a BPI for delivered blended biofuel that used certain feedstocks converted to drop-in

biofuel. USDA is issuing this NOFA to improve transparency and simplify the process by which CCC funds are administered in support and for the purposes of expanding markets for bioenergy feedstocks through the increased use of eligible feedstocks to produce biofuel for the U.S. Navy. If eligibility requirements are met as specified below in the Eligibility Requirements section and subject to availability of funds, CCC will pay a per gallon incentive amount for JP-5 and F-76 blended biofuels produced from eligible feedstock.

The BPI is administered by the Farm Service Agency (FSA); the FSA Administrator also serves as the Executive Vice-President of CCC.

To date, the BPI has had limited use by claimants and minimal impact expanding or developing biofuel markets for agricultural commodities. As a result, through this NOFA, USDA is simplifying the use of CCC funds in the BPI. This simplification increases transparency by identifying a specific BPI payment rate. This allows claimants to quantify the BPI on a per gallon basis, thus making it easier for potential claimants to understand how the BPI funding process works when they consider submitting an offer to provide JP-5 and F-76 blended biofuels on DLA Energy domestic bulk fuel procurements.

Those biofuel vendors that are awarded a contract by DLA Energy and deliver eligible blended F-76 or JP-5 biofuel, produced using an eligible feedstock, may submit a claim to receive a per gallon payment from FSA, subject to the availability of funds. As part of the pre-award acquisition process, DLA Energy will confirm the supplier's biofuel delivery capability, including quality review of the fuel specification (including feedstock type), ability to produce designated blended biofuel, and the specified blend rate.

The BPI payment rate will be 8.335 cents per gallon of F-76 or JP-5 fuel that contains a minimum of 10 percent biofuel; the BPI payment rate will increase in a linear fashion; the amount of the increase is 0.8335 cents for every 1 percent biofuel content above 10 percent, up to a maximum BPI payment rate of 25 cents, per gallon. Table 1 shows examples of how the BPI payment rate will be determined based on the blended rate of the biofuel. The payment rate will not be based on which eligible feedstock is used to produce the biofuel. The total BPI payment will be determined by multiplying the BPI payment rate by the number of gallons of qualifying biofuel blend delivered under a DLA Energy contract.

Table 1. Example of BPI determination based on blended rate of biofuel.

For every 1% biofuel content above 10%, the BPI payment rate will increase 0.8335 cents, up to a maximum payment rate of 25 cents, per gallon, as shown in the examples:

If the blended rate is:	Then the BPI payment rate, per gallon, will be:
10 %	8.3350 cents
11 %	9.1685 cents
15 %	12.5025 cents
20 %	16.6700 cents
25 %	20.8375 cents
30 % and up to a maximum as permitted by the MILSPEC.....	25.0000 cents

Up to \$50 million is presently available for obligation through FY 2018. USDA does not expect funding to be a constraint through FY 2018; however, should there be a demand in excess of \$50 million, USDA would consider requesting additional funds be made available for BPI payments.

BPI Payment Eligibility Requirements

For a claimant to be eligible to receive a BPI payment with CCC funds through this NOFA, all three of the following requirements must be satisfied:

1. Delivery of a biofuel blend for use by the U.S. Navy that is contractually accepted by DLA Energy and produced in the United States from an eligible feedstock;
2. Use of a U.S. produced eligible feedstock or feedstocks to produce the biofuel used in the blended product (see Table 2 - Qualified Feedstocks below for the list of eligible and ineligible feedstocks); and
3. Minimum of 10 percent blended biofuel to a maximum as permitted by the revision of MIL-DTL-16884 (F-76) or MIL-DTL-5624 (JP-5).

Table 2. Qualified Feedstock or Feedstocks to Produce the Biofuel Used in the Blended Product

Eligible	Non-eligible
Agricultural residues such as rice hulls, nut shells	Food waste
Algae or Algal oil	Municipal solid waste
Animal waste and by-products of animal waste including fats, oils greases (not recycled)	Yard waste
Annual cover crops or oil produced from these cover crops*	
Camelina or camelina oil	
Canola or Rapeseed oil	
Cellulosic Biomass from crop residues (that is, stover, wheat straw, rice straw, etc.)	
Energy cane	
Eucalyptus	
Hybrid Poplars	
Jatropha	
Mill residues or waste	
Miscanthus	
Non-food grade corn oil	
Pennycress	
Shrub willows	
Slash, pre-commercial thinnings, and tree residue, forest residues	
Sorghum or sorghum oil (non-food grade)	

Eligible	Non-eligible
Sorghum, Biomass	
Sorghum, Energy	
Sunflower oil	
Switchgrass	
Other agricultural product approved by CCC	

*Note: Cover crops must be approved by the FSA Administrator on a case-by-case basis. Generally, however, “cover crop” means crops, including grasses, legumes, and forbs, for seasonal cover and other conservation purposes. Cover crops are primarily used for erosion control, soil health improvement, and water quality improvement. The cover crop may be terminated by natural causes, such as frost, or intentionally terminated through chemical application, crimping, rolling, tillage, or cutting.

BPI Payment Claim Submission Requirements

It is the claimant’s responsibility to invoice DLA-Energy for the blended biofuel delivered under the contract to the U.S. Navy and to submit necessary documentation to FSA to receive a BPI payment. Claimant will submit documentation indicating amount of blended biofuel delivered to the U.S. Navy, the blend rate of that biofuel delivery, and the feedstock used to produce the biofuel blend, such as a signed DLA Energy Receiving Report with applicable attachments or other equivalent documentation. The claimant will provide the Energy Receiving Report or equivalent document with the information listed below to USDA for the CCC funded BPI payment. All of the following items will be included in the information provided by the claimant to USDA:

1. The amount of the delivered blended biofuel, as the affirmed blended quantity of delivered blended biofuel, the delivery date, and the name and address of the claimant;
2. The U.S. produced feedstock from which the biofuel was produced; and
3. The blended rate.

Distribution of Funds

Following receipt and review of the complete documentation submitted to USDA by the claimant, as described above in the BPI Payment Claim Submission Requirements section, and satisfaction of the requirements specified above in the BPI Payment Eligibility Requirements section, FSA will make payments directly to claimants of the BPI for qualified biofuel, subject to the availability of funds. In the event the claimant delivers fuel that is produced from an ineligible feedstock, or otherwise fails to comply with any eligibility requirement, the claimant will not receive a payment.

The claimant will receive the earned total BPI payment from FSA following FSA's receipt of the information, as specified above.

Paperwork Reduction Act Requirements

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), FSA is not required to submit the information collection request to OMB for approval because the information is expected to come from less than 10 biofuel companies, which does not meet the 10 or more entities requirement, and therefore, the PRA requirements do not apply.

Catalog of Federal Domestic Assistance

The BPI payment is not required to be in the Catalog of Federal Domestic Assistance.

Environmental Review

The environmental impacts of this NOFA have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321-4347), the regulations of the Council on Environmental Quality (40 CFR parts 1500-1508), and the FSA regulations for compliance with NEPA (7 CFR part 799). As previously stated, this program uses CCC funds in coordination with DLA Energy purchases. This NOFA initiates a relatively minor change in the application of the CCC funds; the general scope of the BPI modification for DLA Energy bulk fuel solicitations, as implemented previously, is unchanged.

The purpose of the BPI is to provide an incentive to fuel providers for biofuel that is produced from a domestic feedstock approved by CCC. FSA's participation in the program and the minor, discretionary change to the program (that is, simplifying the program by providing a per gallon incentive that varies per blend) are administrative in nature. The discretionary aspects of the program (for example, solicitation acceptance and certification of delivery, etc.) were designed and are implemented by DLA Energy and are not proposed to be substantively changed. As such, the Categorical Exclusions in 7 CFR part 799.31 apply, specifically 7 CFR 799.31(b)(6)(c) (that is, financial assistance to supplement income). No Extraordinary Circumstances (7 CFR 799.33) exist. As such, FSA has determined that this NOFA does not constitute a major Federal action that would significantly affect the quality of the human environment, individually or cumulatively. Therefore, FSA will not prepare an environmental assessment or environmental impact statement for this action.

Val Dolcini,
Executive Vice President,
Commodity Credit Corporation.

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