

TO: Agriculture and Rural Development Task Force Members  
FROM: Sharon Tahtinen, Chair  
DATE: November 25, 2002  
RE: Meeting with USDA Representatives – November 20, 2002

Present: USDA – Marv Duncan; Roger Conway; Carmela Bailey, James Goff and William Hagy  
NASEO: Frank Bishop, Sharon Tahtinen, Anita Randolph, Larry Pearce

Below is a section by section summary update of Title IX (Energy) of the Farm Bill.

Sec. 9002 – Federal Procurement of Biobased Products

This section is designed to encourage procurement of biobased products by federal agencies. Federal agencies directed to give preference to biobased products if they are reasonably comparable in price, performance and availability to conventional products.

**USDA has drafted federal regulations and expects to have them in the federal register by the end of the year. There will be a 60-day public comment period. USDA's goal is to have this program operational in 2 years. USDA has entered into a cooperative agreement with Iowa State University for testing of biobased products.**

This program has mandatory funding of \$1 million per year FY 02-07.

Sec. 9003 – Biorefinery Development Grants

A competitive grant program to convert biomass into multiple products – including biobased fuels and chemicals.

**There are no mandatory funds for this provision and will be considered for funding as part of the FY 04 budget process.**

Sec. 9004 – Biodiesel Fuel Education Program

A program to educate government and private entities with vehicle fleets and the public regarding the benefits of biodiesel fuel use.

**USDA is in the process of developing the RFP which is expected to be released in early March 2003. USDA expects this to be a one time solicitation with 1-2 awards which will be funded as continuation grants for conciseness and consistency of messages.**

Sec. 9005 - Energy Audit and Renewable Energy Development Program

Established to provide energy audits for energy efficiency and renewable energy assessments for farmers, ranchers and rural small businesses. No mandatory funds are available for this program and a funding request will be considered as part of the FY 04 budget process.

Sec. 9006 – Renewable Energy Systems and Energy Efficiency Improvements

To establish a loan, loan guarantees and grant program for farmers, ranchers and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements.

**An internal working group is tasked with developing rules and regulations. A Stakeholder meeting is being held on Tuesday, December 3, 2002 in USDA's Jefferson Auditorium. The purpose of the meeting is to solicit guidance on the implementation of Sec. 9006. Interested parties can provide oral comments (10 minutes each) or written comments. The notice with details will be posted on the NASEO website.**

**Provides \$23 million/year of mandatory funding for FY 03-07.**

**USDA does not expect regulations to be completed this FY. USDA expects to issue a competitive Notice of Funding Availability (NOFA) by Apr/March 2003 to obligate FY 03 funds by September 30, 2003.**

Sec. 9007 – Hydrogen Fuel Cell Technologies

The Secretary of Agriculture and Secretary of Energy are directed to enter into a Memorandum of Understanding regarding hydrogen and fuel cell technology applications for agricultural producers and rural commodities. A draft MOU is in development.

Sec. 9008 – Biomass Research and Development

The Biomass Research and Development Act of 2000 is extended to September 30, 2007.

**An RFP is being developed and is expected to be released in late January to mid February 2003.**

The USDA held an open meeting in conjunction with the recent BioCycle Conference in Madison, WI.

**Mandatory funding of \$5 million is available for FY 02 and \$14 million/year for FY 03-07. The bill also authorizes an additional \$49 million/year for FY 02-07 subject to appropriations.**

Sec. 9009 – Cooperative Research and Extension Projects

Discretionary authority for competitive grants for research on carbon fluxes and exchange of greenhouse gases from agriculture.

Subject to appropriations.

Sec. 9010 – Continuation of Bioenergy Program

Not more than \$150 million/year in mandatory funding is available for FY 03-06. The bioenergy program was established in 2000, using appropriated funds to provide partial compensation to producers of ethanol and biodiesel for the purchase of commodities used to expand existing production. Cellulosic crops are also eligible.

**The final rule is expected in January or February 2003 and then there will be a 30-day sign up window.**

**Other areas of the Farm Bill of interest to energy officials:**

Sec. 2101 – (Title II – Conservation) – amends the CRP to allow managed harvesting of biomass on CRP lands, consistent with CRP's conservation goals and with an appropriate reduction in rental payments for any economic benefit received by the farmer. Rules are in development.

Title VI – Rural Development

Sec. 6401 - The Value Added Grant Program is modified to clarify that farm or ranch-based renewable energy qualifies as a value added product.

Sec. 6013 – Amends the Consolidated Farm and Rural Development act to allow wind systems and methane digesters to qualify for USDA development loans and loan guarantees. Solar systems already qualify for this assistance.

**NASEO Agriculture and Rural Development Task Force**

The purpose of the Task Force is to identify opportunities for state energy offices to collaborate with USDA to help meet the goals of Title IX of the Farm Bill. There are four areas that the Task Force sees as opportunities:

Education and Information – Inform USDA regarding the state's capabilities and expertise in ag-related energy efficiency and renewable energy programs. The first step of the Task Force was to compile a 53-page summary of a sampling of programs offered by state energy offices in the ag area. These

project/program descriptions have been provided to USDA representatives in advance of the meeting on November 20 but additional copies were distributed at the meeting.

Input – The opportunity presents itself for NASEO to develop comments on behalf of the states and to submit those at appropriate forums, during the rulemaking process and through informal meetings.

Project Development – It is a good idea to work with stakeholders to develop project/program concept ideas so that eligible parties will be ready to develop a full proposal once RFPs are released.

Build Collaboratives – It is important that state energy offices work collaboratively with instate agricultural groups/agencies to bring energy and agricultural program expertise together.