

To whom it may concern:

The American Loggers Council is pleased to submit the following comments on the biomass Crop Assistance Program as requested by the Farm Service Agency on the Federal Register dated February 8, 2010. The American Loggers Council is a National Trade Association representing the professional timber harvesters in 30 States across the US. Our members are the family owned businesses that actually do represent those that will be responsible for the collection, harvest, transportation and storage of renewable woody biomass. We are not in the conversion to energy business, but we do supply the raw material to the conversion facilities.

To begin commenting on the Biomass Crop Assistance Program, we should first go back to the origin of the program, the Food, Conservation and Energy Act of 2008.

Title IX, Section 9011 of the Food, Conservation and Energy Act of 2008, often referred to as the 2008 Farm Bill, established a program called the Biomass Crop Assistance Program (BCAP) to support establishment and production of eligible crops for conversion to bioenergy, and to assist agricultural and forest landowners with collection, harvest, storage and transportation of these crops to conversion facilities. Language in the Bill reads:

“(b) ESTABLISHMENT AND PURPOSE. –The Secretary shall establish and administer a Biomass Crop Assistance Program to—

“(1) support the establishment and production of eligible crops for conversion to bioenergy in selected BCAP project areas; and

“(2) assist agricultural and forest landowners and operators with collection, harvest, storage, and transportation of eligible material for use in a biomass conversion facility.....

“(d) ASSISTANCE WITH COLLECTION, HARVEST STORAGE AND TRANSPORTATION.—

“(1) IN GENERAL.—The Secretary shall make a payment for the delivery of eligible material to a biomass conversion facility to—

“(A) a producer of an eligible crop that is produced on BCAP contract acreage; or

“(B) a person with the right to collect or harvest eligible material.

“(2) PAYMENTS.—

“(A) COSTS COVERED.—A payment under this subsection shall be in an amount described in subparagraph (B) for—

“(i) collection;

“(ii) harvest;

“(iii) storage; and

“(iv) transportation to a biomass conversion facility.

“(B) AMOUNT.—Subject to paragraph (3), the Secretary may provide matching payments at a rate of \$1 for each \$1 per ton provided by the biomass conversion facility, in an amount equal to not more than \$45 per ton for a period of 2 years.”

It is clear that the intent of Congress for the BCAP program as described in the 2008 Farm Bill was to assist with the Collection, Harvest, Storage and Transportation of renewable biomass to be delivered to biomass conversion facilities. The USDA Economic Research Service website also indicates this interpretation of the Bill.

What we are seeing is the trend by many traditional forest products manufacturers and some already existing wood-fired electrical generation facilities to immediately drop their delivered rates for woody biomass materials once they become enrolled in the BCAP program as an eligible Biomass Conversion Facility by as much as 40%. This artificial manipulation of market prices capitalizing on funds available thru the BCAP program is not allowing the intent of Congress to encourage the growing and harvesting of biomass to be met. With the incentives going to the conversion facilities, there is no incentive for eligible landowners or producers to invest in improvements in the collecting, harvesting, storing and transporting of biomass; much less the establishment of more acreage in biomass crops for future use as was intended by the program.

The FSA has recommended 3 options for payments under the BCAP program in the proposed final rules. We believe FSA should revisit these options. None of these options ensure that the intent of Congress is being met and that the program would then encourage new growth and investment in a biomass/bioenergy industry. Our recommendation is to figure out a payment option that would best serve the intent of Congress in creating the program. The ALC stands ready to help the FSA craft an option that not only meets the intent of Congress but would insure (return) integrity to the process

If any of the options being considered are to be implemented, then there must be some sort of mechanism in place that allows the FSA to monitor delivered rates to eligible BCFs and make certain that the funds that are intended for the growers and producers of the program are actually making it to the growers and producers and not being absorbed by the BCF's in the form of delivered rate reductions if the BCAP program is going to meet the intent of Congress when authorizing the program in the 2008 Farm Bill.

We sincerely thank you for the opportunity to comment on the BCAP program, and it is our sincere belief that if the intent of Congress can be met in the administering of the program, then the program can do much in the way of increasing investments in the planting of biomass crops and the investment in technology and equipment that will enable us to more efficiently harvest and transport to biomass conversion facilities, that will in turn convert the material to energy, that will lessen our dependence on traditional fossil fuels while at the same time help reduce greenhouse gas emissions into the atmosphere

Best regards,

Daniel J. Dructor
Executive Vice President for the
American Loggers Council

PO Box 966
Hemphill, TX 75948
Office – 409-625-0206
Fax – 409-625-0207