

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To improve the energy title.

**IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.**

**(no.)** \_\_\_\_\_

To reauthorize agricultural programs through 2017, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by Mr. CONRAD (for himself, Mr. LUGAR, Mr. HARKIN, Mr. NELSON of Nebraska, Mr. BENNET, Mr. BROWN of Ohio, Ms. KLOBUCHAR, Mr. THUNE, Mr. CASEY, Mr. HOEVEN, and Mr. GRASSLEY)

Viz:

1 In section 1207, strike subsection (c).

2 At the appropriate place in title VI, add the following:

3 **SEC. 6 \_\_\_\_ . RURAL ENERGY SAVINGS PROGRAM.**

4 Subtitle E of title VI of the Farm Security and Rural

5 Investment Act of 2002 (Public Law 107–171; 116 Stat.

6 424) is amended by adding at the end the following:

7 **“SEC. 6407. RURAL ENERGY SAVINGS PROGRAM.**

8 “(a) PURPOSE.—The purpose of this section is to cre-

9 ate jobs, promote rural development, and help rural fami-

1 lies and small businesses achieve cost savings by providing  
2 loans to qualified consumers to implement durable cost-  
3 effective energy efficiency measures.

4 “(b) DEFINITIONS.—In this section:

5 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
6 tity’ means—

7 “(A) any public power district, public util-  
8 ity district, or similar entity, or any electric co-  
9 operative described in section 501(c)(12) or  
10 1381(a)(2) of the Internal Revenue Code of  
11 1986, that borrowed and repaid, prepaid, or is  
12 paying an electric loan made or guaranteed by  
13 the Rural Utilities Service (or any predecessor  
14 agency);

15 “(B) any entity primarily owned or con-  
16 trolled by 1 or more entities described in sub-  
17 paragraph (A); or

18 “(C) any other entity that is an eligible  
19 borrower of the Rural Utility Service, as deter-  
20 mined under section 1710.101 of title 7, Code  
21 of Federal Regulations (or a successor regula-  
22 tion).

23 “(2) ENERGY EFFICIENCY MEASURES.—The  
24 term ‘energy efficiency measures’ means, for or at  
25 property served by an eligible entity, structural im-

1        improvements and investments in cost-effective, com-  
2        mercial technologies to increase energy efficiency.

3            “(3) QUALIFIED CONSUMER.—The term ‘quali-  
4        fied consumer’ means a consumer served by an eligi-  
5        ble entity that has the ability to repay a loan made  
6        under subsection (d), as determined by the eligible  
7        entity.

8            “(4) SECRETARY.—The term ‘Secretary’ means  
9        the Secretary of Agriculture, acting through the Ad-  
10       administrator of the Rural Utilities Service.

11        “(c) LOANS TO ELIGIBLE ENTITIES.—

12            “(1) IN GENERAL.—Subject to paragraph (2),  
13        the Secretary shall make loans to eligible entities  
14        that agree to use the loan funds to make loans to  
15        qualified consumers for the purpose of implementing  
16        energy efficiency measures.

17            “(2) REQUIREMENTS.—

18            “(A) IN GENERAL.—As a condition of re-  
19        ceiving a loan under this subsection, an eligible  
20        entity shall—

21            “(i) establish a list of energy effi-  
22        ciency measures that is expected to de-  
23        crease energy use or costs of qualified con-  
24        sumers;

1                   “(ii) prepare an implementation plan  
2                   for use of the loan funds, including use of  
3                   any interest to be received pursuant to  
4                   subsection (d)(1)(A);

5                   “(iii) provide for appropriate measure-  
6                   ment and verification to ensure—

7                                 “(I) the effectiveness of the en-  
8                                 ergy efficiency loans made by the eli-  
9                                 gible entity; and

10                                “(II) that there is no conflict of  
11                                interest in carrying out this section;  
12                                and

13                                “(iv) demonstrate expertise in effec-  
14                                tive use of energy efficiency measures at  
15                                an appropriate scale.

16                   “(B) REVISION OF LIST OF ENERGY EFFI-  
17                   CIENCY MEASURES.—Subject to the approval of  
18                   the Secretary, an eligible entity may update the  
19                   list required under subparagraph (A)(i) to ac-  
20                   count for newly available efficiency technologies.

21                   “(C) EXISTING ENERGY EFFICIENCY PRO-  
22                   GRAMS.—An eligible entity that, at any time be-  
23                   fore the date that is 60 days after the date of  
24                   enactment of this section, has established an  
25                   energy efficiency program for qualified con-

1           sumers may use an existing list of energy effi-  
2           ciency measures, implementation plan, or meas-  
3           urement and verification system of that pro-  
4           gram to satisfy the requirements of subpara-  
5           graph (A) if the Secretary determines the list,  
6           plan, or systems are consistent with the pur-  
7           poses of this section.

8           “(3) NO INTEREST.—A loan under this sub-  
9           section shall bear no interest.

10           “(4) REPAYMENT.—With respect to a loan  
11           under paragraph (1)—

12                   “(A) the term shall not exceed 20 years  
13                   from the date on which the loan is closed; and

14                   “(B) except as provided in paragraph (6),  
15                   the repayment of each advance shall be amor-  
16                   tized for a period not to exceed 10 years.

17           “(5) AMOUNT OF ADVANCES.—Any advance of  
18           loan funds to an eligible entity in any single year  
19           shall not exceed 50 percent of the approved loan  
20           amount.

21           “(6) SPECIAL ADVANCE FOR START-UP ACTIVI-  
22           TIES.—

23                   “(A) IN GENERAL.—In order to assist an  
24                   eligible entity in defraying the appropriate  
25                   start-up costs (as determined by the Secretary)

1 of establishing new programs or modifying ex-  
2 isting programs to carry out subsection (d), the  
3 Secretary shall allow an eligible entity to re-  
4 quest a special advance.

5 “(B) AMOUNT.—No eligible entity may re-  
6 ceive a special advance under this paragraph  
7 for an amount that is greater than 4 percent of  
8 the loan amount received by the eligible entity  
9 under paragraph (1).

10 “(C) REPAYMENT.—Repayment of the spe-  
11 cial advance—

12 “(i) shall be required during the 10-  
13 year period beginning on the date on which  
14 the special advance is made; and

15 “(ii) at the election of the eligible en-  
16 tity, may be deferred to the end of the 10-  
17 year period.

18 “(7) LIMITATION.—All special advances shall be  
19 made under a loan described in paragraph (1) dur-  
20 ing the first 10 years of the term of the loan.

21 “(d) LOANS TO QUALIFIED CONSUMERS.—

22 “(1) TERMS OF LOANS.—Loans made by an eli-  
23 gible entity to qualified consumers using loan funds  
24 provided by the Secretary under subsection (c)—

1           “(A) may bear interest, not to exceed 3  
2 percent, to be used for purposes that include—

3           “(i) to establish a loan loss reserve;  
4           and

5           “(ii) to offset personnel and program  
6           costs of eligible entities to provide the  
7           loans;

8           “(B) shall finance energy efficiency meas-  
9           ures for the purpose of decreasing energy usage  
10          or costs of the qualified consumer by an  
11          amount that ensures, to the maximum extent  
12          practicable, that a loan term of not more than  
13          10 years will not pose an undue financial bur-  
14          den on the qualified consumer, as determined  
15          by the eligible entity;

16          “(C) shall not be used to fund purchases  
17          of, or modifications to, personal property unless  
18          the personal property is or becomes attached to  
19          real property (including a manufactured home)  
20          as a fixture;

21          “(D) shall be repaid through charges  
22          added to the electric bill for the property for, or  
23          at which, energy efficiency measures are or will  
24          be implemented, on the condition that this re-  
25          quirement does not prohibit—

1 “(i) the voluntary prepayment of a  
2 loan by the owner of the property; or

3 “(ii) the use of any additional repay-  
4 ment mechanisms that are—

5 “(I) demonstrated to have appro-  
6 priate risk mitigation features, as de-  
7 termined by the eligible entity; or

8 “(II) required if the qualified  
9 consumer is no longer a customer of  
10 the eligible entity; and

11 “(E) shall require an energy audit by an  
12 eligible entity to determine the impact of pro-  
13 posed energy efficiency measures on the energy  
14 costs and consumption of the qualified con-  
15 sumer.

16 “(2) CONTRACTORS.—In addition to any other  
17 qualified general contractor, eligible entities may  
18 serve as general contractors.

19 “(e) CONTRACT FOR MEASUREMENT AND  
20 VERIFICATION, TRAINING, AND TECHNICAL ASSIST-  
21 ANCE.—

22 “(1) IN GENERAL.—Not later than 90 days  
23 after the date of enactment of this section, the Sec-  
24 retary—

1           “(A) shall establish a plan for measure-  
2           ment and verification, training, and technical  
3           assistance of the program; and

4           “(B) may enter into 1 or more contracts  
5           with a qualified entity for the purposes of—

6                   “(i) providing measurement and  
7                   verification activities; and

8                   “(ii) developing a program to provide  
9                   technical assistance and training to the  
10                  employees of eligible entities to carry out  
11                  this section.

12           “(2) USE OF SUBCONTRACTORS AUTHOR-  
13           IZED.—A qualified entity that enters into a contract  
14           under paragraph (1) may use subcontractors to as-  
15           sist the qualified entity in carrying out the contract.

16           “(f) FAST START DEMONSTRATION PROJECTS.—

17                   “(1) IN GENERAL.—The Secretary shall offer to  
18                   enter into agreements with eligible entities (or  
19                   groups of eligible entities) that have energy effi-  
20                   ciency programs described in subsection (e)(2)(C) to  
21                   establish an energy efficiency loan demonstration  
22                   projects consistent with the purposes of this section.

23                   “(2) EVALUATION CRITERIA.—In determining  
24                   which eligible entities to award loans under this sec-

1           tion, the Secretary shall take into consideration eligi-  
2           ble entities that—

3                   “(A) implement approaches to energy au-  
4                   dits and investments in energy efficiency meas-  
5                   ures that yield measurable and predictable sav-  
6                   ings;

7                   “(B) use measurement and verification  
8                   processes to determine the effectiveness of en-  
9                   ergy efficiency loans made by eligible entities;

10                   “(C) include training for employees of eli-  
11                   gible entities, including any contractors of such  
12                   entities, to implement or oversee the activities  
13                   described in subparagraphs (A) and (B);

14                   “(D) provide for the participation of a ma-  
15                   jority of eligible entities in a State;

16                   “(E) reduce the need for generating capac-  
17                   ity;

18                   “(F) provide efficiency loans to—

19                           “(i) in the case of a single eligible en-  
20                           tity, not fewer than 20,000 consumers; or

21                           “(ii) in the case of a group of eligible  
22                           entities, not fewer than 80,000 consumers;

23                   and

1           “(G) serve areas in which, as determined  
2           by the Secretary, a large percentage of con-  
3           sumers reside—

4                   “(i) in manufactured homes; or

5                   “(ii) in housing units that are more  
6           than 50 years old.

7           “(3) DEADLINE FOR IMPLEMENTATION.—To  
8           the maximum extent practicable, the Secretary shall  
9           enter into agreements described in paragraph (1) by  
10          not later than 90 days after the date of enactment  
11          of this section.

12          “(4) EFFECT ON AVAILABILITY OF LOANS NA-  
13          TIONALLY.—Nothing in this subsection shall delay  
14          the availability of loans to eligible entities on a na-  
15          tional basis beginning not later than 180 days after  
16          the date of enactment of this section.

17          “(5) ADDITIONAL DEMONSTRATION PROJECT  
18          AUTHORITY.—

19                   “(A) IN GENERAL.—The Secretary may  
20                  conduct demonstration projects in addition to  
21                  the project required by paragraph (1).

22                   “(B) INAPPLICABILITY OF CERTAIN CRI-  
23                  TERIA.—The additional demonstration projects  
24                  may be carried out without regard to subpara-  
25                  graphs (D), (F), or (G) of paragraph (2).

1       “(g) ADDITIONAL AUTHORITY.—The authority pro-  
2 vided in this section is in addition to any other authority  
3 of the Secretary to offer loans under any other law.

4       “(h) EFFECTIVE PERIOD.—Subject to the availability  
5 of funds and except as otherwise provided in this section,  
6 the loans and other expenditures required to be made  
7 under this section shall be available until expended, with  
8 the Secretary authorized to make new loans as loans are  
9 repaid.

10       “(i) REGULATIONS.—

11               “(1) IN GENERAL.—Except as otherwise pro-  
12 vided in this subsection, not later than 180 days  
13 after the date of enactment of this section, the Sec-  
14 retary shall promulgate such regulations as are nec-  
15 essary to implement this section.

16               “(2) PROCEDURE.—The promulgation of the  
17 regulations and administration of this section shall  
18 be made without regard to—

19                       “(A) the Statement of Policy of the Sec-  
20 retary of Agriculture effective July 24, 1971  
21 (36 Fed. Reg. 13804), relating to notices of  
22 proposed rulemaking and public participation in  
23 rulemaking; and

1           “(B) chapter 35 of title 44, United States  
2           Code (commonly known as the ‘Paperwork Re-  
3           duction Act’).

4           “(3) CONGRESSIONAL REVIEW OF AGENCY  
5           RULEMAKING.—In carrying out this section, the Sec-  
6           retary shall use the authority provided under section  
7           808 of title 5, United States Code.

8           “(4) INTERIM REGULATIONS.—Notwithstanding  
9           paragraphs (1) and (2), to the extent regulations are  
10          necessary to carry out any provision of this section,  
11          the Secretary shall implement such regulations  
12          through the promulgation of an interim rule.”.

13          In section 9002(j) of the Farm Security and Rural  
14          Investment Act of 2002 (as amended by section 9002) add  
15          at the end the following:

16                 “(4) MANDATORY FUNDING FOR FISCAL YEARS  
17                 2013 THROUGH 2017.—Of the funds of the Com-  
18                 modity Credit Corporation, the Secretary shall use  
19                 to carry out this section \$3,000,000 for each of fis-  
20                 cal years 2013 through 2017.”.

21          In section 9003 of the bill—

22                 (1) in subsection (a)(1)—

1 (A) in subparagraph (B), strike “and”  
2 after the semicolon at the end;

3 (B) redesignate subparagraph (C) as sub-  
4 paragraph (D); and

5 (C) insert after subparagraph (B) the fol-  
6 lowing:

7 (C) in subsection (b)—

8 (i) by redesignating paragraphs (1)  
9 and (2) as paragraphs (2) and (3), respec-  
10 tively; and

11 (ii) by inserting before paragraph (2)  
12 (as so redesignated) the following:

13 “(1) BIOBASED PRODUCT MANUFACTURING.—  
14 The term ‘biobased product manufacturing’ means  
15 development, construction, and retrofitting of tech-  
16 nologically new commercial-scale processing and  
17 manufacturing equipment and required facilities that  
18 will be used to convert renewable chemicals and  
19 other biobased outputs of biorefineries into end-user  
20 products on a commercial scale.”; and

21 (2) strike subsection (b) and insert the fol-  
22 lowing:

23 (b) FUNDING.—Section 9003(h) of the Farm Secu-  
24 rity and Rural Investment Act of 2002 (7 U.S.C. 8103(b))  
25 is amended—

1           (1) by striking paragraph (1) and inserting the  
2 following:

3           “(1) MANDATORY FUNDING.—

4                   “(A) IN GENERAL.—Subject to subpara-  
5 graph (B), of the funds of the Commodity  
6 Credit Corporation, the Secretary shall use for  
7 the cost of loan guarantees under this section,  
8 to remain available until expended—

9                           “(i) \$100,000,000 for fiscal year  
10                           2013; and

11                           “(ii) \$58,000,000 for each of fiscal  
12                           years 2014 and 2015.

13                   “(B) BIOBASED PRODUCT MANUFAC-  
14                   TURING.—Of the total amount of funds made  
15                   available for the period of fiscal years 2013  
16                   through 2015 under subparagraph (A), the Sec-  
17                   retary use for the cost of loan guarantees under  
18                   this section not more than \$25,000,000 to pro-  
19                   mote biobased product manufacturing.”; and

20           (2) in paragraph (2), by striking “2012” and  
21           inserting “2017”.

22           In section 9006(d) of the Farm Security and Rural  
23 Investment Act of 2002 (as amended by section 9006),  
24 add at the end the following:

1           “(3) MANDATORY FUNDING FOR FISCAL YEARS  
2           2013 THROUGH 2017.—Of the funds of the Com-  
3           modity Credit Corporation, the Secretary shall use  
4           to carry out this section \$1,000,000 for each of fis-  
5           cal years 2013 through 2017.”.

6           In section 9007(a)(1)(B) of the bill—

7           (1) redesignate clauses (i) through (iv) as  
8           clauses (ii) through (v), respectively; and

9           (2) insert before clause (ii) (as so redesignated)  
10          the following:

11

12                           (i) in paragraph (1)(A), insert “, such  
13                           as for agricultural and associated residen-  
14                           tial purposes” after “electricity”;

15          In section 9007(g) of the Farm Security and Rural  
16          Investment Act of 2002 (as amended by section 9007),  
17          add at the end the following:

18           “(5) MANDATORY FUNDING FOR FISCAL YEARS  
19           2013 THROUGH 2017.—Of the funds of the Com-  
20           modity Credit Corporation, the Secretary shall use  
21           to carry out this section \$48,200,000 for each of fis-  
22           cal years 2013 through 2017.”.

1 In section 9008(h) of the Farm Security and Rural  
2 Investment Act of 2002 (as amended by section 9008),  
3 add at the end the following:

4 “(4) MANDATORY FUNDING FOR FISCAL YEARS  
5 2013 THROUGH 2017.—Of the funds of the Com-  
6 modity Credit Corporation, the Secretary shall use  
7 to carry out this section \$26,000,000 for each of fis-  
8 cal years 2013 through 2017.”.

9 Strike section 9010 of the bill and insert the fol-  
10 lowing:

11 **SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

12 Section 9011 of the Farm Security and Rural Invest-  
13 ment Act of 2002 (7 U.S.C. 8111) is amended to read  
14 as follows:

15 **“SEC. 9011. BIOMASS CROP ASSISTANCE PROGRAM.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) BCAP.—The term ‘BCAP’ means the Bio-  
18 mass Crop Assistance Program established under  
19 this section.

20 “(2) BCAP PROJECT AREA.—The term ‘BCAP  
21 project area’ means an area that—

22 “(A) has specified boundaries that are sub-  
23 mitted to the Secretary by the project sponsor  
24 and subsequently approved by the Secretary;

1           “(B) includes producers with contract  
2           acreage that will supply a portion of the renew-  
3           able biomass needed by a biomass conversion  
4           facility; and

5           “(C) is physically located within an eco-  
6           nomically practicable distance from the biomass  
7           conversion facility.

8           “(3) CONTRACT ACREAGE.—The term ‘contract  
9           acreage’ means eligible land that is covered by a  
10          BCAP contract entered into with the Secretary.

11          “(4) ELIGIBLE CROP.—

12           “(A) IN GENERAL.—The term ‘eligible  
13           crop’ means a crop of renewable biomass.

14           “(B) EXCLUSIONS.—The term ‘eligible  
15           crop’ does not include—

16           “(i) any crop that is eligible to receive  
17           payments under title I of the Food, Con-  
18           servation, and Energy Act of 2008 (7  
19           U.S.C. 8702 et seq.) or an amendment  
20           made by that title;

21           “(ii) any plant that is invasive or nox-  
22           ious or species or varieties of plants that  
23           credible risk assessment tools or other  
24           credible sources determine are potentially  
25           invasive, as determined by the Secretary in

1 consultation with other appropriate Fed-  
2 eral or State departments and agencies; or

3 “(iii) algae.

4 “(5) ELIGIBLE LAND.—

5 “(A) IN GENERAL.—The term ‘eligible  
6 land’ includes—

7 “(i) agricultural and nonindustrial  
8 private forest lands (as defined in section  
9 5(c) of the Cooperative Forestry Assistance  
10 Act of 1978 (16 U.S.C. 2103a(c))); and

11 “(ii) land enrolled in the agricultural  
12 conservation easement program established  
13 under subtitle H of title XII of the Food  
14 Security Act of 1985.

15 “(B) EXCLUSIONS.—The term ‘eligible  
16 land’ does not include—

17 “(i) Federal- or State-owned land;

18 “(ii) land that is native sod, as of the  
19 date of enactment of the Food, Conserva-  
20 tion, and Energy Act of 2008 (7 U.S.C.  
21 8701 et seq.);

22 “(iii) land enrolled in the conservation  
23 reserve program established under sub-  
24 chapter B of chapter 1 of subtitle D of

1 title XII of the Food Security Act of 1985  
2 (16 U.S.C. 3831 et seq.);

3 “(iv) land enrolled in the wetlands re-  
4 serve program established under sub-  
5 chapter C of chapter 1 of subtitle D of  
6 title XII of that Act (16 U.S.C. 3837 et  
7 seq.);

8 “(v) land enrolled in the grassland re-  
9 serve program established under sub-  
10 chapter D of chapter 2 of subtitle D of  
11 title XII of that Act (16 U.S.C. 3838n et  
12 seq.); or

13 “(vi) land enrolled in the conservation  
14 reserve program, wetlands reserve pro-  
15 gram, or grassland reserve program under  
16 a contract that will expire at the end of the  
17 current fiscal year.

18 “(6) ELIGIBLE MATERIAL.—

19 “(A) IN GENERAL.—The term ‘eligible ma-  
20 terial’ means renewable biomass harvested di-  
21 rectly from the land, including crop residue  
22 from any crop that is eligible to receive pay-  
23 ments under title I of the Food, Conservation,  
24 and Energy Act of 2008 (7 U.S.C. 8702 et  
25 seq.) or an amendment made by that title.

1                   “(B) INCLUSIONS.—The term ‘eligible ma-  
2                   terial’ shall only include—

3                   “(i) eligible material that is collected  
4                   or harvested by the eligible material  
5                   owner—

6                   “(I) directly from—

7                   “(aa) National Forest Sys-  
8                   tem;

9                   “(bb) Bureau of Land Man-  
10                  agement land;

11                  “(cc) non-Federal land; or

12                  “(dd) land owned by an in-  
13                  dividual Indian or Indian tribe  
14                  that is held in trust by the  
15                  United States for the benefit of  
16                  the individual Indian or Indian  
17                  tribe or subject to a restriction  
18                  against alienation imposed by the  
19                  United States;

20                  “(II) in a manner that is con-  
21                  sistent with—

22                  “(aa) a conservation plan;

23                  “(bb) a forest stewardship  
24                  plan; or

1                   “(cc) a plan that the Sec-  
2                   retary determines is equivalent to  
3                   a plan described in item (aa) or  
4                   (bb) and consistent with Execu-  
5                   tive Order 13112 (42 U.S.C.  
6                   4321 note; relating to invasive  
7                   species);

8                   “(ii) if woody eligible material, woody  
9                   eligible material that is produced on land  
10                  other than contract acreage that—

11                  “(I) is a byproduct of a preventa-  
12                  tive treatment that is removed to re-  
13                  duce hazardous fuel or to reduce or  
14                  contain disease or insect infestation;  
15                  and

16                  “(II) if harvested from Federal  
17                  land, is harvested in accordance with  
18                  section 102(e) of the Healthy Forests  
19                  Restoration Act of 2003 (16 U.S.C.  
20                  6512(e)); and

21                  “(iii) eligible material that is delivered  
22                  to a qualified biomass conversion facility to  
23                  be used for heat, power, biobased products,  
24                  research, or advanced biofuels.

1                   “(C) EXCLUSIONS.—The term ‘eligible ma-  
2                   terial’ does not include—

3                   “(i) material that is whole grain from  
4                   any crop that is eligible to receive pay-  
5                   ments under title I of the Food, Conserva-  
6                   tion, and Energy Act of 2008 (7 U.S.C.  
7                   8702 et seq.) or an amendment made by  
8                   that title, including—

9                   “(I) barley, corn, grain sorghum,  
10                  oats, rice, or wheat;

11                  “(II) honey;

12                  “(III) mohair;

13                  “(IV) oilseeds, including canola,  
14                  crambe, flaxseed, mustard seed,  
15                  rapeseed, safflower seed, soybeans,  
16                  sesame seed, and sunflower seed;

17                  “(V) peanuts;

18                  “(VI) pulse;

19                  “(VII) chickpeas, lentils, and dry  
20                  peas;

21                  “(VIII) dairy products;

22                  “(IX) sugar; and

23                  “(X) wool and cotton boll fiber;

24                  “(ii) animal waste and byproducts, in-  
25                  cluding fat, oil, grease, and manure;

1 “(iii) food waste and yard waste;

2 “(iv) algae;

3 “(v) woody eligible material that—

4 “(I) is removed outside contract  
5 acreage; and

6 “(II) is not a byproduct of a pre-  
7 ventative treatment to reduce haz-  
8 ardous fuel or to reduce or contain  
9 disease or insect infestation;

10 “(vi) any woody eligible material col-  
11 lected or harvested outside contract acre-  
12 age that would otherwise be used for exist-  
13 ing market products; or

14 “(vii) bagasse.

15 “(7) PRODUCER.—The term ‘producer’ means  
16 an owner or operator of contract acreage that is  
17 physically located within a BCAP project area.

18 “(8) PROJECT SPONSOR.—The term ‘project  
19 sponsor’ means—

20 “(A) a group of producers; or

21 “(B) a biomass conversion facility.

22 “(9) SOCIALLY DISADVANTAGED FARMER OR  
23 RANCHER.—The term ‘socially disadvantaged farmer  
24 or rancher’ has the meaning given the term in sec-

1           tion 2501(e) of the Food, Agriculture, Conservation,  
2           and Trade Act of 1990 (7 U.S.C. 2279(e)).

3           “(b) ESTABLISHMENT AND PURPOSE.—The Sec-  
4           retary shall establish and administer a Biomass Crop As-  
5           sistance Program to—

6                   “(1) support the establishment and production  
7                   of eligible crops for conversion to bioenergy in se-  
8                   lected BCAP project areas; and

9                   “(2) assist agricultural and forest land owners  
10                  and operators with the collection, harvest, storage,  
11                  and transportation of eligible material for use in a  
12                  biomass conversion facility.

13          “(c) BCAP PROJECT AREA.—

14                  “(1) IN GENERAL.—The Secretary shall provide  
15                  financial assistance to a producer of an eligible crop  
16                  in a BCAP project area.

17                  “(2) SELECTION OF PROJECT AREAS.—

18                          “(A) IN GENERAL.—To be considered for  
19                          selection as a BCAP project area, a project  
20                          sponsor shall submit to the Secretary a pro-  
21                          posal that, at a minimum, includes—

22                                  “(i) a description of the eligible land  
23                                  and eligible crops of each producer that  
24                                  will participate in the proposed BCAP  
25                                  project area;

1                   “(ii) a letter of commitment from a  
2 biomass conversion facility that the facility  
3 will use the eligible crops intended to be  
4 produced in the proposed BCAP project  
5 area;

6                   “(iii) evidence that the biomass con-  
7 version facility has sufficient equity avail-  
8 able, as determined by the Secretary, if the  
9 biomass conversion facility is not oper-  
10 ational at the time the proposal is sub-  
11 mitted to the Secretary; and

12                   “(iv) any other information about the  
13 biomass conversion facility or proposed bio-  
14 mass conversion facility that the Secretary  
15 determines necessary for the Secretary to  
16 be reasonably assured that the plant will  
17 be in operation by the date on which the  
18 eligible crops are ready for harvest.

19                   “(B) BCAP PROJECT AREA SELECTION CRI-  
20 TERIA.—In selecting BCAP project areas, the  
21 Secretary shall consider—

22                   “(i) the volume of the eligible crops  
23 proposed to be produced in the proposed  
24 BCAP project area and the probability

1 that those crops will be used for the pur-  
2 poses of the BCAP;

3 “(ii) the volume of renewable biomass  
4 projected to be available from sources  
5 other than the eligible crops grown on con-  
6 tract acres;

7 “(iii) the anticipated economic impact  
8 in the proposed BCAP project area;

9 “(iv) the opportunity for producers  
10 and local investors to participate in the  
11 ownership of the biomass conversion facil-  
12 ity in the proposed BCAP project area;

13 “(v) the participation rate by—

14 “(I) beginning farmers or ranch-  
15 ers (as defined in accordance with sec-  
16 tion 343(a) of the Consolidated Farm  
17 and Rural Development Act (7 U.S.C.  
18 1991(a))); or

19 “(II) socially disadvantaged  
20 farmers or ranchers;

21 “(vi) the impact on soil, water, and  
22 related resources;

23 “(vii) the variety in biomass produc-  
24 tion approaches within a project area, in-  
25 cluding (as appropriate)—

1 “(I) agronomic conditions;

2 “(II) harvest and postharvest  
3 practices; and

4 “(III) monoculture and  
5 polyculture crop mixes;

6 “(viii) the range of eligible crops  
7 among project areas; and

8 “(ix) any additional information that  
9 the Secretary determines to be necessary.

10 “(3) CONTRACT.—

11 “(A) IN GENERAL.—On approval of a  
12 BCAP project area by the Secretary, each pro-  
13 ducer in the BCAP project area shall enter into  
14 a contract directly with the Secretary.

15 “(B) MINIMUM TERMS.—At a minimum, a  
16 contract under this subsection shall include  
17 terms that cover—

18 “(i) an agreement to make available  
19 to the Secretary, or to an institution of  
20 higher education or other entity designated  
21 by the Secretary, such information as the  
22 Secretary considers to be appropriate to  
23 promote the production of eligible crops  
24 and the development of biomass conversion  
25 technology;

1                   “(ii) compliance with the highly erod-  
2                   ible land conservation requirements of sub-  
3                   title B of title XII of the Food Security  
4                   Act of 1985 (16 U.S.C. 3811 et seq.) and  
5                   the wetland conservation requirements of  
6                   subtitle C of title XII of that Act (16  
7                   U.S.C. 3821 et seq.);

8                   “(iii) the implementation of (as deter-  
9                   mined by the Secretary)—

10                                   “(I) a conservation plan;

11                                   “(II) a forest stewardship plan;

12                                   or

13                                   “(III) a plan that is equivalent to  
14                                   a conservation or forest stewardship  
15                                   plan; and

16                                   “(iv) any additional requirements that  
17                                   Secretary determines to be necessary.

18                   “(C) DURATION.—A contract under this  
19                   subsection shall have a term of not more  
20                   than—

21                                   “(i) 5 years for annual and perennial  
22                                   crops; or

23                                   “(ii) 15 years for woody biomass.

24                   “(4) RELATIONSHIP TO OTHER PROGRAMS.—In  
25                   carrying out this subsection, the Secretary shall pro-

1       vide for the preservation of cropland base and yield  
2       history applicable to the land enrolled in a BCAP  
3       contract.

4               “(5) PAYMENTS.—

5                       “(A) IN GENERAL.—The Secretary shall  
6       make establishment and annual payments di-  
7       rectly to producers to support the establishment  
8       and production of eligible crops on contract  
9       acreage.

10                      “(B) AMOUNT OF ESTABLISHMENT PAY-  
11       MENTS.—

12                               “(i) IN GENERAL.—Subject to clause  
13       (ii), the amount of an establishment pay-  
14       ment under this subsection shall be not  
15       more than 50 percent of the costs of estab-  
16       lishing an eligible perennial crop covered  
17       by the contract but not to exceed \$500 per  
18       acre, including—

19                                       “(I) the cost of seeds and stock  
20       for perennials;

21                                       “(II) the cost of planting the pe-  
22       rennial crop, as determined by the  
23       Secretary; and

1                   “(III) in the case of nonindus-  
2                   trial private forestland, the costs of  
3                   site preparation and tree planting.

4                   “(ii)    SOCIALLY    DISADVANTAGES  
5                   FARMERS OR RANCHERS.—In the case of  
6                   socially disadvantaged farmers or ranchers,  
7                   the costs of establishment may not exceed  
8                   \$750 per acre.

9                   “(C) AMOUNT OF ANNUAL PAYMENTS.—

10                   “(i) IN GENERAL.—Subject to clause  
11                   (ii), the amount of an annual payment  
12                   under this subsection shall be determined  
13                   by the Secretary.

14                   “(ii)    REDUCTION.—The    Secretary  
15                   shall reduce an annual payment by an  
16                   amount determined to be appropriate by  
17                   the Secretary, if—

18                   “(I) an eligible crop is used for  
19                   purposes other than the production of  
20                   energy at the biomass conversion fa-  
21                   cility;

22                   “(II) an eligible crop is delivered  
23                   to the biomass conversion facility;

24                   “(III) the producer receives a  
25                   payment under subsection (d);

1                   “(IV) the producer violates a  
2                   term of the contract; or

3                   “(V) the Secretary determines a  
4                   reduction is necessary to carry out  
5                   this section.

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

8                   “(1) IN GENERAL.—The Secretary shall make a  
9                   payment for the delivery of eligible material to a bio-  
10                  mass conversion facility to—

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

13                   “(B) a person with the right to collect or  
14                   harvest eligible material, regardless of whether  
15                   the eligible material is produced on contract  
16                   acreage.

17                   “(2) PAYMENTS.—

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

21                   “(i) collection;

22                   “(ii) harvest;

23                   “(iii) storage; and

24                   “(iv) transportation to a biomass con-  
25                  version facility.

1           “(B) AMOUNT.—Subject to paragraph (3),  
2           the Secretary may provide matching payments  
3           at a rate of up to \$1 for each \$1 per ton pro-  
4           vided by the biomass conversion facility, in an  
5           amount not to exceed \$20 per dry ton for a pe-  
6           riod of 4 years.

7           “(3) LIMITATION ON ASSISTANCE FOR BCAP  
8           CONTRACT ACREAGE.—As a condition of the receipt  
9           of an annual payment under subsection (c), a pro-  
10          ducer receiving a payment under this subsection for  
11          collection, harvest, storage, or transportation of an  
12          eligible crop produced on BCAP acreage shall agree  
13          to a reduction in the annual payment.

14          “(e) REPORT.—Not later than 4 years after the date  
15          of enactment of the \_\_\_\_\_ Act of 2012, the Secretary  
16          shall submit to the Committee on Agriculture of the House  
17          of Representatives and the Committee on Agriculture, Nu-  
18          trition, and Forestry of the Senate a report on the dis-  
19          semination by the Secretary of the best practice data and  
20          information gathered from participants receiving assist-  
21          ance under this section.

22          “(f) FUNDING.—

23                  “(1) IN GENERAL.—Of the funds of the Com-  
24          modity Credit Corporation, the Secretary shall use

1 to carry out this section \$38,600,000 for each of fis-  
2 cal years 2013 through 2017.

3 “(2) COLLECTION, HARVEST, TRANSPORTATION,  
4 AND STORAGE PAYMENTS.—Of the amount made  
5 available under paragraph (1) for each fiscal year,  
6 the Secretary shall use not less than 10 percent, nor  
7 more than 50 percent, of the amount to make collec-  
8 tion, harvest, transportation, and storage payments  
9 under subsection (d)(2).”.