Project Sponsor

Re-Energy Holdings LLC
Project Sponsor Facilities

Re-Energy Lyonsdale

Re-Energy Chateauguay

Re-Energy Black River (Fort Drum)
Biomass Crop Assistance Program
Project Area 10

June 2012
## Eligible BCAP Counties

<table>
<thead>
<tr>
<th>Clinton</th>
<th>Essex</th>
<th>Franklin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herkimer</td>
<td>Jefferson</td>
<td>Lewis</td>
</tr>
<tr>
<td>Oneida</td>
<td>Oswego</td>
<td>St. Lawrence</td>
</tr>
</tbody>
</table>
New York BCAP Project
Area - 10 Energy Crop

Shrub Willow
Sign-up Period

- Signup Started on June 18, 2012

- All contracts must be approved by September 14, 2012

- Signup could end before that date if the 3500 acres are contracted before September 14, 2012
Contracts

- 3500 acres

- 11 year contracts – annual payments

- Total Dollars for project - $4,287,500

- Effective Date of Contract – 1st day of the month after COC approval

- Producer can defer start date 6 months
Producer Eligibility

- No Adjusted Gross Income restrictions
- No Payment Limitations restrictions
- Complete CCC-901 in Business File for Entities and JV – not individuals
Production Agreements

- ReEnergy will provide interested participants with a production agreement for 3 harvest cycles

- Potential participants will need to visit FSA office to get a map of the offered acreage before requesting a production agreement from ReEnergy (need to know offer acreage)

- Production agreements will require an offer of approximately 100 acres
Production Agreements

- Will ensure that planting density is followed
- Will include the rate to be paid for the woody biomass on a green ton basis - $27.50/green ton
- Will ensure that land rent equivalent to average rental rate for the county is paid annually before ReEnergy will accept and pay for harvested material.
  - FSA can do assignments if requested
  - If land is leased then operator must provide a lease to FSA for the length of the contract and land owner must sign BCAP-24 Contract
Eligible Land

- Land that meets the definition of cropland – 3CM definition (tilled or has been tilled)

- Pastureland

- Land already established to Shrub Willow that meets the NRCS standard and Job Sheet Requirements

Note: Cropland base and yield history will be preserved for land enrolled in a BCAP contract
Rental Rate Calculations

- Cropland – per acre annual rental payments determined using posted cropland Soil Rental Rates (SRR) – weighted average of 3 predominate soils
- Pastureland – per acre annual rental rate - MPL Rental Rate (MPLRR)
- Already established shrub willow – use posted cropland SRR – weighted average of 3 predominate soils
- Additional 25% incentive payment will be applied to the weighted average SRR or MPLRR
### Soil rental rates and incentives

<table>
<thead>
<tr>
<th>County</th>
<th>Weighted Average SRR</th>
<th>25% Incentive Added</th>
<th>Marginal Pastureland SRR</th>
<th>25% Incentive Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinton</td>
<td>$32.97</td>
<td>$41.21</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>Essex</td>
<td>$19.57</td>
<td>$24.46</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>Franklin</td>
<td>$39.63</td>
<td>$49.54</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>Herkimer</td>
<td>$38.77</td>
<td>$48.46</td>
<td>$37.00</td>
<td>$46.25</td>
</tr>
<tr>
<td>Jefferson</td>
<td>$40.74</td>
<td>$50.93</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>Lewis</td>
<td>$56.27</td>
<td>$70.37</td>
<td>$37.00</td>
<td>$46.25</td>
</tr>
<tr>
<td>Oneida</td>
<td>$40.28</td>
<td>$50.35</td>
<td>$42.00</td>
<td>$52.50</td>
</tr>
<tr>
<td>Oswego</td>
<td>$18.45</td>
<td>$23.06</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
<tr>
<td>St. Lawrence</td>
<td>$38.75</td>
<td>$48.44</td>
<td>$30.00</td>
<td>$37.50</td>
</tr>
</tbody>
</table>
Ineligible Land

- Active CRP, WRP & GRP contracts
- Native Sod
- Land owned by Federal agencies, States, local governments, including school districts
Annual Payments

- One-half of the calculated first year annual payment can be issued as soon as practicable following contract approval – if requested

- The remaining half and all subsequent annual payments will be paid after the anniversary date of the contract
Reductions in year of harvest

- The annual payment will be reduced in the year of harvest.

- Example: 15 dry tons of material harvested per acre x $55.00/bone dry ton = $825.00 per acre.

- Annual payment rental rate = $40.00 per acre.

- If the material is delivered to a biomass conversion facility for conversion to heat, power or bio-based products the reduction percentage is 25%.

  - $825.00 x 0.25 = $206.25

- Annual payment would be zero in the year of harvest.
## Annual Payment Reduction

<table>
<thead>
<tr>
<th>REDUCTION PERCENT</th>
<th>FINAL CONVERSION PRODUCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 percent</td>
<td>If the eligible crop is delivered to a biomass conversion facility for conversion to cellulosic biofuels as defined by the national Renewable Fuel Standard (40 CFR 80.1401).</td>
</tr>
<tr>
<td>10 percent</td>
<td>If the eligible crop is delivered to a biomass conversion facility for conversion to advanced biofuel, as defined by the BCAP final rule (7 CFR Part 1450).</td>
</tr>
<tr>
<td>25 percent</td>
<td>If the eligible crop is delivered to a biomass conversion facility for conversion to heat, power or biobased products, as defined by the BCAP final rule (7 CFR Part 1450).</td>
</tr>
<tr>
<td>100 percent</td>
<td>If the eligible crop is used for a purpose other than conversion to heat, power, biobased product or advanced biofuels, as defined by the BCAP final rule (7 CFR Part 1450).</td>
</tr>
</tbody>
</table>
Crop Establishment – BC3B Practice

- 75% cost-share – up to $741.00 per acre

- Establishment practices started or implemented before the submission of the offer – BCAP-23 and FSA-848 are NOT eligible for reimbursement

- Partial payments for practice performance are authorized
Practice BC3B – Shrub Willow Crop Establishment

- 5800 stems per acre will be planted – mechanical planter
- Double rows – with spacing between each set of double rows for harvest equipment
- 40-50 feet of vegetated area will be left at the end of the rows for equipment movement
- All of this acreage will be enrolled in the contract
Components Eligible for Cost-share

- Shrub Willow planting material
- Cover Crop establishment after burn down of permanent cover
- Rock removal
- Cover establishment in traffic lanes and ends of rows
- Coppicing of 1 year growth
- Lime, fertilizer, weed and insect control measures necessary for establishment of the stand

All according to the NRCS Conservation Plan
Ineligible for cost-share

- Any minerals, nutrients, pesticides and other weed control measures to maintain an adequate established stand
- Participant is responsible for all maintenance measures at their own expense
- Harvesting, storing and transporting of biomass to Biomass Conversion Facility
- Practices or components already established before submission of the offer
Other Practice Requirements

- Planting must be completed within 12 months of the effective date of Form BCAP-24.
- COC can waive the 12 month deadline – not to exceed 24 months for weather, and/or plant material shortages.
- Noxious weeds and other undesirable plants, insects and pests must be controlled.
- All maintenance and harvest must be outside the primary nesting season (April 1st through August 1st) once crop is established.
Conservation Plans

- NRCS will develop Conservation plans
- NRCS will provide LTP-4 Form with planting provisions
Items to consider on potential offers

- AD-1026 Certification
  - Producer can certify compliance if land does not have a determination
  - Undetermined land (UHEL) will need a HEL/NHEL determination – Item 9 on AD-1026
  - Producer can request a wetland determination on Form AD-1026 – Item 10A
    - Request determination if you intend to conduct land leveling, filing, land clearing, excavation or stump removal
Eligible wetland labels

- Farmed Wetland (FW)
- Manipulated and used for the production of an agricultural commodity as of December 23, 1985.
- Not abandoned.
- May be used for production of agricultural commodities or forage. Can plant willow on this land.
- May be maintained to the extent that existed before December 23, 1985, if “as-built” records exist.
Eligible Wetland labels conti.

- Farmed Wetland Pasture and Hayland (FWP)
- Manipulated and used for pasture or hay as of December 23, 1985.
- Is inundated for at least 7 consecutive days or saturated for 14 days during the growing season.
- Not abandoned.
- May be used for production of agricultural commodities or forage – Can plant willow on this land.
- May be maintained to the extent that existed before December 23, 1985, if “as- built” records exist.
Eligible Wetland Label conti.

- Prior Converted Cropland (PC)
- Wetland converted to cropland before December 23, 1985, and as of December 23, 1985, was capable of being cropped and did not meet farmed wetland hydrology criteria.
- No restrictions unless manipulation would convert adjacent wetlands.
Eligible Wetland labels conti.

- Wetland (W)
- Meets wetland criteria.
- Also, includes areas previously identified as FW or FWP, which have been abandoned.
- May be farmed under natural conditions without removal of woody vegetation. Can plant willow on this land.
- At level needed to maintain original system on FW, FWP, and PC. Must not convert additional wetlands or exceed original scope and effect of drainage system.
Eligible Wetland labels conti.

- Wetlands that have been manipulated (WX)
- Wetlands that have been manipulated but not for the purpose of or making possible production of an agricultural commodity. (OK for the planting of Shrub Willow)
- Would cause ineligibility if production was later made possible. Can never plant corn/soybeans on the fields without a violation of Food Security Act.
- No restrictions as long as production not made possible, including on an adjacent wetland.
QUESTIONS??