

## **Advanced Biofuel Payment Program Stakeholder Announcement**

**August 12, 2010**--On March 12, 2010, the Rural Business-Cooperative Service (the Agency) published a notice in the Federal Register for the Advanced Biofuel Payment Program seeking requests from eligible advanced biofuel producers for additional, supplemental payments from the remaining available FY 2009 program funds. At that time, to receive payment, eligible advanced biofuels must have been produced in a biofuel facility located in a rural area and whose owners met U.S. citizenship requirements.

Since that announcement, the Agency has sought, received, and reviewed comments from the public regarding the program's eligibility requirements in conjunction with the April 16, 2010 publication of the proposed rule for this program. Based on a consideration of these comments, the Agency has determined that it is in the best interests of furthering the Administration's goal of increasing the production of advanced biofuels to broaden the Advanced Biofuel Payment Program applicability to include making payments from FY 2009 program funds for eligible advanced biofuels produced at non-rural biofuel facilities and at foreign-owned biofuel facilities located in a State.

To implement this change in policy, the Agency is issuing an amendment to the March 12, 2010 notice regarding the distribution of the remaining available FY 2009 program funds. Under this amended notice, the Agency is requesting applications from advanced biofuel producers producing eligible advanced biofuels at non-rural biofuel facilities and at foreign-owned biofuel facilities. The Agency plans on publishing this notice in the Federal Register within the next 10 days.

In order to provide needed assistance to the advanced biofuels industry as soon as possible, the Agency will provide an advance FY 2009 supplemental payment to those producers who submitted eligible requests under the March 12, 2010 notice. This advanced supplemental payment will equal 25% of the payment that the applicant would have received pursuant to that notice. The final FY 2009 supplemental payment that an advanced biofuel producer will receive under the program will be determined after the Agency evaluates the applications from non-rural biofuel facilities and from foreign-owned biofuel facilities. The final FY 2009 supplemental payment will reconcile any differences in the advanced payment and the total amount of payment the applicant is eligible to receive under the program.

Once the Agency has evaluated applications from non-rural and foreign-owned advanced biofuels producers, the Agency will combine these applications with eligible requests submitted pursuant to the March 12, 2010 notice for FY 2009 supplemental payments to calculate FY 2009 supplemental payments for each eligible producer. The Agency will then make final FY 2009 supplemental payments to each eligible producer. All advanced payments will be deducted from an eligible producer's final payment.

Thus, every producer, including non-rural and foreign-owned producers, will receive their share of the remaining available FY 2009 program funds that they would have received had the March 12, 2010 NOCP allowed non-rural and foreign-owned producers to apply.

Regarding the FY 2010 payments under the Advanced Biofuels Payment Program, the Agency is cancelling the May 6, 2010 Notice of Contract Proposal that established the terms for seeking these payments. The terms for seeking these payments will be contained in an interim rule that the Agency expects to publish in the Federal Register this fall. However, the Agency has decided that, under this interim rule, non-rural and foreign-owned producers of advanced biofuels will be eligible for the Program to the same extent as rural, domestically owned producers of advanced biofuels.

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