Legislative Update: Biomass Potential in New Jersey

Peter J. Furey
NJ Farm Bureau
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Intro

• Biomass is part of renewable portfolio w/ solar, wind
  – Biomass for electricity, for fuel, for carbon off-sets

• State

• Federal

• Future.....“Green economy coming”?  
  – More state/federal legislation to follow
S-1538 – “Solar on Farms”

• Primary sponsors are Bob Smith (Senate) and Upendra Chivukula (Assembly)

• Passed unanimously in the Senate in June – now in the Assembly Appropriations Committee

• Could be voted on the full Assembly during lame duck as it is a priority issue for both Smith and Chivukula

• On preserved farms, allows for biomass energy systems size based on a farm’s average annual energy use plus an additional 10% (determine average annual energy use by looking at energy use history of a farm)

• Under the current BPU regulations, landowners in NJ are capped at their average annual use or 2MW, whichever is lower – the additional 10% is bonus for farmers

• On non-preserved farms, caps system size at 2MW (or 10 acres for solar/wind) to guarantee that farmland assessment is maintained

• In both cases, the biomass installation would serve as a complementary use for the primary agricultural production on a farm

• Farmer interested in an on-farm biomass installation must also seek and gain the approval of the NJDA before going forward with a project
S-1303 – Inherently Beneficial Use

• Passed in June and signed by Governor Corzine in November

• Defines “inherently beneficial use” for the purposes of zoning and use variances

• Includes facilities that supply electrical energy produced from wind, solar or photovoltaic technologies under this definition

• Met with some municipal resistance
Smaller Bills

• A-3281/S-2264
  – Includes hydropower as Class I renewable
  – DEP can approve alternate technology

• A-3740/S-2528
  – Limits municipal restrictions on small wind systems
  – 3520/S-2441 reinforces financial authority of BPU for solar/wind incentives

• A-3218/S-1096
  – Creates Solar and Wind Energy Commission

• A-1506
  – Recognizes co-fired biomass energy as method to meet renewable energy portfolio standards
Other State Action

• BPU Office of Clean Energy & Biomass
  – Significant monetary incentives

• RGGI Auctions: $55M to NJ so far (need ag program incentives for carbon offsets)
  – 60% to EDA, 20% to BPU, 20% to DEP

• Biodiesel mandate for heating oil
  – C.F. NJ Fuel Merchants Association

• Low Carbon Fuel Standards (?)
  – C.F. DEP (?)
Regional Greenhouse Gas Initiative (RGGI)

- Agreement among 9 northeastern states, including New Jersey, to cap and trade greenhouse gas emissions regionally

- Passed 2 years ago but there is nothing specific in this agreement for agriculture

- Credits have been auctioned off already and these auctions have been successful by all accounts, with a considerable sum coming in to DEP for greenhouse gas reduction programs

- As noted, agriculture has not been a major player to this point

- Potential is there for directing some of these monies for agricultural offsets via legislative amendment

- Carbon-trading could been a potential money-maker for NJ farmers
USDA-FSA Programs

• $1.4 billion allocated in the new farm bill for energy-related programs

• Putting an extensive amount of money into research and technical support

• Also offering a considerable amount of money to biorefineries in rural areas to assist these facilities in making the switch from fossil fuels to biomass where applicable

• Two major programs available for farmers to support biomass energy on farms
Biomass Crop Assistance Program (BCAP)

- BCAP allows producers or owners of eligible material who sell to qualified Biomass Conversion Facilities (BCF) to apply for matching payments under the collection, harvest, storage, and transportation (CHST) of BCAP.

- The program provides matching CHST payments for eligible materials delivered to and purchased by a CHST qualified BCF, paid dollar-for-dollar, limited to $45 per dry ton, not to exceed a 2-year period.

- Potential BCFs must submit an agreement with USDA-FSA to become a qualified biomass conversion facility.

- Producers seeking to deliver biomass materials to BCFs must file an application with their county’s FSA office before they are eligible to sell or deliver biomass materials to a BCF.

- Currently one BCF in NJ – Plainview Growers’ Allmuchi, NJ location.
Rural Energy for America (REAP)

• Program introduced to us by Victoria Fakete (USDA-Rural Development) at our seminars last year

• Offers grant funding for up to 25% of a projects’ cost – not to exceed $500,000

• Applies to solar, wind and biomass energy systems

• Some issues with the designation of rural areas in New Jersey – farmers having trouble gaining access to funding because they are in “rural areas” as defined via a map created at the federal level
NRCS Programs

• NRCS does not have any specific biomass or bioenergy financial assistance at this time

• There are some indirect opportunities, such as a cost-sharing program for the establishment of permanent native grasses

• These indirect opportunities include:
  • Environmental Quality Incentives Program (EQUIP)
  • Wildlife Habitat Incentives Program (WHIP)
  • Conservation Innovation Grants (CIG)
NRCS - EQUIP

- Not specifically directed toward biomass production
- Environmental Quality Incentives Program can provide cost share assistance for establishment of native grasses
- All EQIP projects must be directed toward solving a resource concern (inadequate wildlife habitat, soil erosion control, water quality impairment, etc.)
- As long as all program requirements are met, stands can be harvested for biomass production.
- There may be harvest date restrictions for a wildlife project or distance to stream restrictions for a water quality buffer project.
NRCS - WHIP

• Like EQUIP, WHIP can provide cost share assistance for establishment of native grasses although this is not specifically directed toward biomass production

• Many acres of native warm season grasses have been established with WHIP funds contributing up to 75% of the costs

• Again, there are usually harvest date restrictions to protect wildlife
NRCS - CIG

- Conservation Innovation Grants provide up to $1 million per project in the national CIG grant round and up to $75,000 per project in the NJ CIG round.

- Funds provided to demonstrate innovative conservation technologies.

- The program is intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection in conjunction with agricultural production.

- NJ round has funded some native grass and woodland biomass projects in the past few years.
Waxman-Markey Legislation (Federal)

• This bill, a.k.a. “climate change” bill, passed house in June. Followed by Kerry-Boxer bill in Senate, which has cleared Senate Environment Committee

• Congressman Waxman and Congressman Colin Peterson (Chairman of the House Ag Committee) agreed to additional agricultural offsets that made the legislation palatable to rural communities

• Narrowly passed after the agreed upon agricultural offsets were added – awaiting debate/action in the Senate
Waxman-Markey Cont.

• Agricultural could be a big player in generating carbon offset credits in a number of ways including:
  
  • reduced tillage / no-tillage
  • afforestation of marginal farmlands
  • nitrogen fertilizer management
  • improved manure management
  • livestock feed management (dairy, swine)
  • anaerobic digesters
  • biomass energy
  • energy efficiency upgrades of facilities
Waxman-Markey Cont.

- Peterson was able to wrestle control of agricultural offsets away from EPA – under the proposed House legislation, USDA will now control offsets for agriculture in the potential cap and trade markets.

- The agricultural community still has some concerns with climate changes legislation, however.

- While some may be able to benefit from the sale of these carbon credits, there is growing concern that the proposed cap-and-trade program could dramatically increase energy costs.

- It is argued by some (AFBF included), that farmers would be especially impacted by increased energy costs.

- Have to take a “wait and see” approach as this legislation begins its trek through the Senate.