



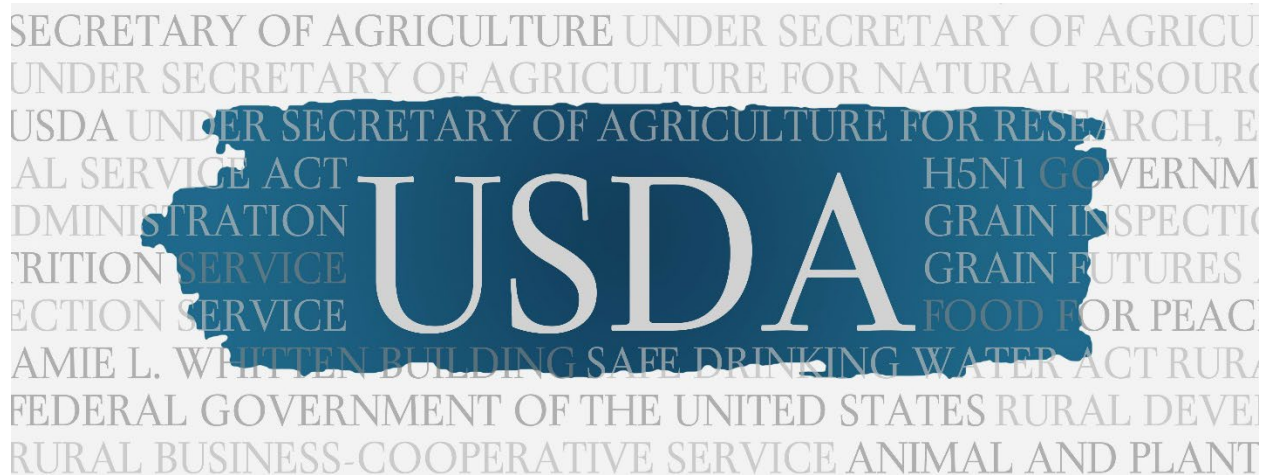
Alternative Fuels & Chemicals Coalition

Advocating for Public Policies to Promote the Development & Production of Alternative Fuels, Renewable Chemicals, Biobased Products, and Sustainable Aviation Fuels

AFCC News & Reports – May 2020 Final USDA Rule for Renewable Chemicals & Biobased Products

Good news: USDA's Deputy Under Secretary for Rural Development, Bette Brand, [announced](#) on May 18, 2020 the final rule to expand the production of renewable chemicals and biobased manufactured products in Section 9003, Energy Title IX, in the 2018 Farm Bill.

The program previously was known as Biorefinery Assistance Program, which was established in the 2008 Farm Bill and provided loan guarantees for the development, construction, and retrofitting of commercial-scale biorefineries using eligible technologies, but **for the production of advanced biofuels only**.



Public policy and advocacy work leading to the 2014 Farm Bill changed the program's name and expanded the program to include the production of renewable chemicals and biobased products manufacturing with the caveat that some level of biofuels had to be produced in the process which did not have to be sold.

In the reauthorization of the 2018 Farm Bill, the program was once again amended due to more intense advocacy work, and the definition of the terms "biorefinery" and "eligible technology" were redefined to include exclusive production of renewable chemicals and/or biobased products in standalone renewable chemicals or biobased products manufacturing facilities, with no requirement of the production of biofuels.

The final rule defines a biorefinery as a facility, including equipment and processes, that converts renewable biomass or an intermediate ingredient or feedstocks of renewable



biomass into biofuels, and/or renewable chemicals, and/or biobased products. The facility may also produce electricity.

Eligible technology is defined as a technology that is being adopted in a viable commercial-scale operation of a biorefinery that produces an advanced biofuel, and/or renewable chemical, and/or biobased product, and as a technology that has been demonstrated to have technical and economic potential for commercial application in a biorefinery that produces an advanced biofuel, and/or renewable chemical and/or biobased product.

Changes in the Final Rule (Statutory and Non-Statutory):

Eligible applicants for the program include individuals, private sector entities including corporations, Indian Tribes, units of state or local government, farm cooperatives, farmer cooperative organizations, associations of agricultural producers, national laboratories, institutions of higher education, rural electric cooperatives, public power entities, and consortia of any of the foregoing entities.

The non-statutory change to the program is a shift in timing for the requirement of the applicant to demonstrate 120 days of continuous, steady-state production from an integrated demonstration unit. Previously, this demonstration required the loan closing, but will now be required prior to the issuance of a conditional commitment, which is the USDA's notice to the lender that the loan guarantee is approved subject to the completion of all conditions and requirements set forth by USDA. The change will require the borrower to provide evidence to the lender and USDA of 120 days of continuous, steady-state production from the demonstration facility prior to the issuance of a conditional commitment, which will decrease the time between the issuance of a conditional commitment and loan closing and lessen the credit risk to the government.

The Final Rule

The rule became effective May 18, 2020, and the statutory and non-statutory changes made under the final rule is found in the attached Federal Register or [here](#).