

TO: State Directors, Rural Development
ATTN: Business Programs Directors
SUBJECT: Advanced Biofuel Payment Program
Calculation of Days of Non-Production

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide clarification on how to calculate days of non-production for determining incremental production payment eligibility.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 4733 (4288-B) dated August 15, 2013 which expired on August 31, 2014.

IMPLEMENTATION RESPONSIBILITIES:

RD Instruction 4288-B, section 4288.131(d)(1) states: “For each participating advanced biofuel facility that produced eligible advanced biofuels during the fiscal year prior to the fiscal year for which payment is sought provided the advanced biofuel facility has fewer than 20 days (excluding weekends) of non-production of eligible advanced biofuels during that previous fiscal year, the Agency will determine the quantity of eligible advanced biofuel produced in that prior fiscal year based on information provided by the producer.” To assist in determining when a facility has fewer than 20 days of non-production, the Agency is defining when a facility is in production.

A variety of biofuel production methods exist, and some of these methods require a multi-day process to generate actual output of an advanced biofuel. Some facilities may be equipped to generate advanced biofuel output daily, regardless of the number of days needed to process the feedstock into an advanced biofuel. The following guidance clarifies when an advanced biofuel facility is in production for the purpose of determining eligibility for incremental payments, as described above.

EXPIRATION DATE:
January 31, 2017

FILING INSTRUCTIONS:
Preceding RD Instructions 4288-B

There are multiple methods of biofuel production. The amount of time required to generate an output of an advanced biofuel varies according to the method of biofuel production and the equipment available at the advanced biofuel facility. For the purpose of determining eligibility for incremental payments, the following guidance will be applied to calculate when an advanced biofuel facility is in production.

The facility will be considered in production as long as it is engaged in the process of generating an advanced biofuel. The process of generating an advanced biofuel means the facility has begun preparing feedstocks for conversion, is converting the feedstock, or is further refining or cleaning the advanced biofuel to make it a viable end-use product.

The process of generating an advanced biofuel may include, but is not limited to, filtering, washing, heating, degumming, deodorizing, hydrolyzing, bleaching, or initiating a biological, chemical, or thermo-chemical reaction. A facility will not be considered in production if it has shut down all processes for cleaning or repair.

The act of testing the quality, shipping, or transporting feedstock or fuel is not considered part of the production process.

To verify production days for an advanced biofuel producer, the Agency may request copies of production records, invoices, sales records, facility engineering reports, diagrams showing the steps and number of days needed to convert the feedstock to an advanced biofuel, or written descriptions of the production process from facility personnel and industry experts. Agency staff may also conduct site visits to the facility to assess the production process of the facility.

If you have any questions regarding this AN, please contact Lisa Noty at (712) 243-2107, extension 412, or via e-mail at Lisa.Noty@wdc.usda.gov.

/s/ SAMUEL H. RIKKERS

SAMUEL H. RIKKERS
Administrator
Rural Business-Cooperative Service