

Bioenergy Program for Advanced Biofuels Fact Sheet



April 2013

Established by an Executive Order in 1999, the Bioenergy Program for Advanced Biofuels (BPAB) is intended to pay advanced biofuels producers to expand their production levels.¹ Other than corn starch ethanol, nearly every other type of biofuel is eligible for the program, including ethanol, biogas, butanol, or biodiesel derived from cellulose (like perennial grasses or agricultural residues), sugar or starches, waste materials, sugarcane, or woody biomass.² BPAB is administered by the U.S. Department of Agriculture's (USDA) Rural Development office.

The 2008 farm bill energy title provided \$300 million in mandatory program funding for the BPAB from FY09-12, with opportunity for additional funding through annual appropriations bills.³ The 2008 farm bill expired Sept. 30, 2012. However, a one-year retroactive extension passed as part of the Jan. 2013 "fiscal cliff" deal allowed farm bill programs, including BPAB, to be funded through September 30, 2013 (the end of FY13).

Background

BPAB is funded through the energy title of the farm bill. The farm bill, renewed approximately every five years, is a wide ranging piece of legislation that funds everything from nutrition assistance programs and broadband internet to agricultural subsidies for the production of crops such as corn and soybeans. More specifically, the energy title of the farm bill, first introduced in 2002, provides grants, loans, and other subsidies to energy efficiency, biofuels, and bioenergy (heat and power) projects. In total, the 2008 farm bill energy title's 13 major programs were projected to cost taxpayers \$1.1 billion over five years (FY08-12).⁴

In particular, BPAB provides taxpayer subsidies to a range of facilities to increase annual production of biofuels. Other farm bill energy title programs provide taxpayer support for research and development grants to investigate new uses for biomass sources such as wood and agricultural residues; the collection, storage, harvest, and transportation of biomass sources to bioenergy or biofuels facilities; anaerobic digesters that create heat and power from animal waste; grants and loans to individuals or companies installing ethanol dispensers at gasoline stations or wind, solar, and geothermal systems; and federally backed loan guarantees for so-called next generation biofuels facilities that produce biofuels other than corn ethanol.

While intended to support the next generation of biofuels derived from non-food sources and other renewable forms of energy, the farm bill energy title has also spent taxpayer dollars on the mature corn ethanol industry, supporting biomass sources with numerous unintended consequences, and even paying for updates to farmers' irrigation equipment and grain dryers.

Feedstocks Receiving Taxpayer Funding

Nearly \$200 million were dispensed from 2009 to Nov. 2012 through the BPAB program. Table 1 illustrates which types of feedstocks received the most taxpayer subsidies over this timeframe. Together, soy biodiesel and corn ethanol facilities were awarded over half of all BPAB funding. Facilities converting animal fats, canola oil, vegetable oil, used cooking oil, or a combination of these received another 43 percent of funding. Those feedstocks or technologies collecting the few remaining dollars include wood pellets, seed waste, landfill gas, and anaerobic digesters.

Table 1: Types of Feedstocks Subsidized in Bioenergy Program for Advanced Biofuels, 2009 - 2012					
Types of Feedstocks	# of Projects	Pct. of Projects	Total Payment	Pct. of Total	Ave. Pmt. per Project
Animal fats, vegetable, canola, or used cooking oil, or a combination	92	36%	\$81,358,898	42.5%	\$884,336
Corn (with milo or sorghum) or corn & soy	23	9%	\$52,794,831	27.6%	\$2,295,427
Soybean oil (& animal fats)	32	13%	\$50,732,492	26.5%	\$1,585,390
Wood	43	17%	\$3,824,312	2.0%	\$88,937
Anaerobic digester	43	17%	\$1,428,114	0.7%	\$33,212
Unknown	19	7%	\$1,064,857	0.6%	\$56,045
Other - seed waste or landfill gas	3	1%	\$385,937	0.2%	\$128,646
TOTAL	255		\$191,589,441		

Large Corn Biofuels Facilities Receiving Taxpayer Funding

The highest payments per project by far were awarded to large agribusinesses operating corn and soy biofuels facilities. This is despite the fact that corn ethanol facilities are not even eligible for funding through this program or defined as an advanced biofuel in any current federal legislation. Regardless, USDA is still funneling money to this mature industry, in addition to soy biodiesel facilities. From 2009 to 2012, 20 corn ethanol facilities and one corn oil biodiesel facility received \$52.8 million in federal subsidies, an average of \$2.6 million per project. See Table 2 for more information. The corn ethanol industry has already received more than its fair share of federal subsidies over the past 30 years, including energy and commodity subsidies in the farm bill, production tax credits, import tariffs, taxpayer-backed loans, and infrastructure support. In addition, corn ethanol production is mandated through the federal Renewable Fuel Standard (RFS); more specifically, the RFS mandate requires that 15 billion gallons of corn ethanol be used in U.S. motor gasoline by 2015.

Table 2: Corn Biofuels Facilities Receiving Advanced Biofuels Payments, 2009-2012			
Facility Name	State	Feedstock	Total payment
White Energy Inc	TX	corn/milo	\$9,235,973
Western Plains Energy	KS	corn/milo	\$7,402,312
Arkalon Ethanol LLC	KS	corn/milo	\$7,272,638
Kansas Ethanol LLC	KS	corn/milo	\$5,368,105
Pinal Energy LLC	AZ	corn	\$4,631,937
Prairie Horizon Agri-Energy LLC	KS	corn/milo	\$4,112,922
Levelland/Hockley Co. Ethanol	TX	corn/milo	\$3,137,726
Abengoa Bioenergy Corp.	MO	corn/milo	\$3,101,140
Bonanza Bioenergy LLC	KS	corn/milo	\$2,747,106
Chief Ethanol Fuel Inc	NE	corn/milo	\$2,304,716
Reeve Agri Energy Inc	KS	corn/milo	\$1,586,883
Nesika Energy LLC	KS	corn	\$641,360
Corn Plus LP	MN	corn	\$311,081
Central Indiana Ethanol LLC	IN	corn	\$298,102
Walsh Bio Fuels, LLC*	WI	corn	\$233,724
Trenton Agri Products LLC	KS	corn/milo	\$223,166
Nugen Energy LLC	SD	corn	\$77,555
East Kansas Agri-Energy LLC	KS	corn	\$58,834
Chippewa Valley Ethanol Coop	MN	corn	\$14,597
Cornhusker Energy Lexington, LLC	NE	corn	\$12,105
Kappa Ethanol, LLC	NE	corn	\$4,517
TOTAL			\$52,776,499
* Note: facility produces biodiesel			

Large Agribusinesses Receiving Subsidies for Biodiesel Production

Table 3 identifies several large agribusinesses receiving more than \$1 million of taxpayer subsidies for biodiesel production. Biodiesel can be produced from corn oil, as noted above, or other feedstocks such as soy or other types of vegetable oil, animal fats, recycled cooking oil, etc. Notable companies receiving taxpayer support from 2009-2012 include the Renewable Energy Group, Louis Dreyfus, Ag Processing, Archer Daniels Midland, MN Soybean Processors, and Cargill Inc. Similar to the generous taxpayer supports corn ethanol has received over the past 30 years, biodiesel companies have also benefited from a \$1 per gallon production tax credit for several years, on top of several other federal incentives.

Facility Name	State	Feedstock	Total payment
Lake Erie Biofuels, LLC DbA Hero Bx	PA	multi	\$13,810,283
Renewable Energy Group, Inc.	IA	canola	\$12,496,342
Louis Dreyfus Agricultural Industries, LLC.	IN	soy	\$8,749,151
High Plains Bioenergy, LLC	OK	animal fats	\$7,243,357
AG Processing Inc	NE	soy	\$6,130,751
Archer Daniels Midland Company	IL, ND	canola	\$6,483,863
Smarter Fuel, Inc.	PA	cooking oil	\$5,202,080
MN Soybean Processors	MN	soy	\$5,085,342
Paseo Cargill Energy, LLC	MO	soy	\$5,023,346
Mid-America Biofuels, LLC	MO	soy	\$4,545,453
Cargill Inc.	MN	soy	\$4,497,704
Owensboro Grain Company, LLC.	KY	soy	\$4,379,446
Incobrasa Industries, Ltd.	IL	soy	\$3,980,570
FutureFuels Chemical Company	AR	animal/soy	\$3,599,881
E Biofuels LLC	IN	animal/cooking oil	\$3,440,667
Imperium Grays Harbor LLC	WA	canola	\$3,001,742
Rbf Port Neches, LLC.	TX	multi	\$2,824,881
Western Iowa Energy	IA	multi	\$2,412,118
Jatrodiesel, Inc.	OH	multi	\$2,135,877
Sequential-Pacific Biodiesel	OR	cooking oil	\$2,041,986
Western Dubuque Biodiesel, LLC	IA	canola	\$2,016,955
Environmental Energy Recycling Corp. LLC	PA	cooking oil	\$1,758,853
Scott Petroleum Corporation	MS	multi	\$1,376,595
Green Earth Fuels Of Houston, LLC.	TX	multi	\$1,317,010
American Biodiesel, Inc	CA	multi	\$1,174,926
Imperial Western Products, Inc.	CA	animal/veg oil	\$1,099,971
Genuine Bio-Fuel, Inc.	FL	cooking oil	\$1,086,757
Midwest Biodiesel Product, LLC.	IL	soy	\$1,044,846
Iowa Renewable Energy, LLC	IA	animal/veg oil	\$1,026,115
TOTAL			\$118,986,868

Other Feedstocks Receiving Taxpayer Subsidies

As Table 1 illustrated, projects receiving the last few million dollars of BPAB payments converted either woody biomass or seed waste into biofuels or used anaerobic digesters or landfill gas to power bioenergy facilities. These payments were 18 to 69 times smaller than the average checks sent to corn ethanol facilities. Nineteen remaining projects were filed in the unknown category since too little detail was provided by USDA to determine which types of feedstocks are used in the facilities.

Conclusion

Even though the Bioenergy Program for Advanced Biofuels was intended to spur production of advanced biofuels, as the program's title suggests, its funding stream reveals a different story. Instead of assisting small, rural residents or small businesses obtain financing to help second-generation biofuels derived from non-food feedstocks get off the ground, the program is instead funneling taxpayer dollars to large, profitable, and well-known agribusinesses. Government funding is also spent on mature biofuels industries like corn ethanol and soy biodiesel, which have enjoyed taxpayer backing for more than 30 years. Now more than ever, taxpayers should not be forced to fund corporate welfare and mature technologies, so the BPAB program must not be renewed.

For more information, contact Taxpayers for Common Sense at 202-546-8500.

References for Information in Tables:

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