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The DOE Launches Advanced Biofuels Support Program

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On May 6, 2016 the Office of Energy Efficiency and Renewable Energy (“EERE”) of the U.S. Department of Energy (“DOE”) issued a funding opportunity announcement (“FOA”) of \$90,000,000 in financial assistance for projects focused on designing, constructing and operating integrated biorefinery facilities.¹

The financial assistance under the FOA is in the form of direct grants, designed to support pilot and demonstration scale manufacturing of advanced or cellulosic biofuels², bioproducts, refinery compatible intermediates, or biopower in a domestic pilot or demonstration scale integrated biorefinery. As such, it is a significant step taken by the Administration to further its goals to reduce the U.S. dependence on imported oil, reduce greenhouse gas and other air pollutants omissions, and shore up the U.S. bio-industry.

U.S. citizens, lawful permanent residents, for-profit entities (including foreign entities), educational institutions, nonprofits (other than entities described under Section 501(c)(4) of the Internal Revenue Code of 1986 that engage in lobbying), consortia of the aforementioned entities, and most Federal, state, local, and tribal agencies are all eligible to apply for the program.

The FOA includes three topic areas:

1. Topic Area 1 – Pilot scale production of biofuels from high impact cellulosic, algal, or biogas feedstocks. Minimum feedstock throughput must be 1 dry metric ton (“DMT”) per day or equivalent throughput of algal biomass or biogas. Bioproducts and biopower are only allowed as co-products from the facility.
2. Topic Area 2 – Demonstration scale production of biofuels from high impact cellulosic, algal, or biogas feedstocks. Minimum feedstock throughput must be 50 DMT per day or equivalent of algal biomass or biogas. Bioproducts and biopower are only allowed as co-products from the facility.
3. Topic Area 3 – Production of either biopower or biofuels from bio-solids and other allowable wet waste feedstock streams. Bioproducts are also allowed as co-products from the facility. Minimum feedstock throughput must be 1 DMT per day.

The award process of this program is divided into two phases – Phase 1 (Design Phase) and Phase 2 (Construction/Operation Phase).

Initially, applicants will be invited to submit a concept paper for the contemplated project. Six (6) weeks later, if approved by the EERE, the applicant will be invited to submit a full application. An iterative process

¹ Number DE-FOA-0001232; CFDA No. 81.087.

² as defined in the Energy Investment and Security Act of 2007, §201.

of comments and amendment will commence, consummating in a final amended submission. Thereafter, EERE will announce the award recipients, thereby concluding Phase 1.

Following the conclusion of Phase 1, a down-select review and evaluation process will commence. Project performance in Phase 1, as well as portfolio balance, availability of funds, and other factors will be considered in the down-select decision process. Only projects selected as a result of such process will receive additional funding and be permitted to proceed into the construction and operation phase (Phase 2).

EERE expects to make approximately \$90,000,000 of Federal funding available for new awards under this FOA (\$38,000,000 for Phase 1 and the remaining \$52,000,000 for Phase 2), subject to the availability of appropriated funds. EERE anticipates an additional \$128,000,000 may be available for Phase 2 awards, however these are out-year funds and are subject to future Congressional appropriations.

For Phase 1, individual awards may vary between \$1,000,000 and \$2,000,000 for Topic Areas 1 and 3, and between \$1,000,000 and \$4,000,000 for Topic Area 2. For Phase 2, individual awards may be up to \$15,000,000 for Topic Areas 1 and 3, and may be up to \$45,000,000 per project for Topic Area 2, subject to Congressional appropriations.

In all cases, amounts awarded cannot exceed 50% of the total allowable costs for demonstration projects. The remainder of such costs must be shared by the applicant and must derive from non-Federal sources, unless otherwise allowed by law. The 50% cost share requirement applies to all project costs, including demonstration, R&D, or other activities, for all Topic Areas.

Program schedule for FY 2016 includes the following deadlines: Submission deadline for concept papers – June 6, 2016 at 5:00 pm ET; Submission deadline for full application – July 22, 2016 at 5:00 pm ET; Expected submission deadline for replies to reviewer comments – September 9, 2016 at 5:00 pm ET; Expected date for EERE selection notifications – October 31, 2016; Expected timeframe for award negotiations – January 31, 2017.

It is estimated that the U.S. spends approximately \$1 billion every three (3) days on imported oil, while the U.S. could sustainably produce more than 1 billion tons of biomass that could be converted to biofuels, bioproducts and biopower.³ This FOA serves as an important step in reducing the aforesaid dependability on imported fossil fuel, while furthering efforts to reduce greenhouse gas emissions and increasing energy independence, diversification and resilience.

Further information about the program can be found at: <https://eere-exchange.energy.gov/default.aspx#Foald751733aa-d067-485a-aeb6-6927147d81f7>.

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³ <http://www.energy.gov/articles/energy-department-announces-funding-design-and-construction-manufacturing-biofuels>