



Clean Fuels
ALLIANCE AMERICA

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April 29, 2021

Mark Brodziski
Acting Administrator
Rural Business-Cooperative Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Docket Number: RBS-21-Business-0010

Re: Request for Information on a Rural Energy Pilot Program

Acting Administrator Brodziski,

The National Biodiesel Board (NBB) appreciates the opportunity to provide comments to the U.S. Department of Agriculture's (USDA) request for information on a Rural Energy Pilot Program.¹ NBB is pleased to provide input on a program that will provide immediate reductions in greenhouse gases associated with rural distributed power, as well as rural industries, transportation, and agriculture.

The pilot should provide grants as an incentive to encourage the use of low carbon fuels and technologies, not just distributed power. NBB encourages USDA to expand its pilot program beyond distributed power to include biofuels (biodiesel, renewable diesel, and Bioheat® fuel) on farms and in rural businesses in areas facing environmental justice, racial equity, and economic opportunity concerns.²

While some renewable distributed energy projects receive funding through the Rural Energy for America Program (REAP), Business and Industry Guaranteed Loans (B&I), and other loan guarantee programs, there are no sizable grants available to motivate change and the adoption of low-carbon biofuels in agriculture and rural industries. Therefore, we are asking USDA to consider the following in the proposed Rural Energy Pilot Program:

- Expand this pilot program beyond distributed power to include biodiesel, renewable diesel, and Bioheat® fuel.
- Reduce match requirement to 25% or less.

¹ Rural Business-Cooperative Service, US Department of Agriculture, Request for Information and Notice of Stakeholder Listening Session on a Rural Energy Pilot Program, (March 30, 2021), available at <https://www.federalregister.gov/d/2021-06489>

² Bioheat® is the heating oil industry's official registered name for the fuel that consists of a blend of ultra-low sulfur heating oil with renewable biodiesel that is made from organic and recycled products.

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- Provide grants to fully fund feasibility studies and business planning based on project merits and anticipated outcomes for both distributed power and biofuel related projects.
- Offer grants to fund education to create sustainable pilot outcomes.
- Modify or broaden the rural eligibility definition.
- Increase the proposed funding level of \$10 million for the program.

NBB appreciates the opportunity to inform the federal government's decision-making and establish the nation's guiding principles in the promotion of the Rural Energy Pilot Program. Our responses to the proposed questions are outlined below.

1. How might distributed energy technologies, innovations, and/or solutions be deployed to advance environmental justice, racial equity, and economic opportunity?

Distributed energy technologies, innovations, and/or solutions can be deployed to advance environmental justice, racial equity, and economic opportunity simply by improving access to and availability of biodiesel. Funding to promote and incentivize the use of products, such as biodiesel, would allow those living in the rural community to take advantage of the biofuels they produce and reap their environmental and health benefits.

In addition to having one of the lowest carbon intensities of any liquid fuel, biodiesel also significantly reduces criteria pollutants from diesel transportation. As a result, promoting the use of biodiesel and incentivizing infrastructure for use of higher volumes will result in immediate health benefits to disadvantaged communities.

A new study, conducted by Trinity Consultants, shows that converting from petroleum-based diesel to 100 percent biodiesel (B100) results in a multitude of health benefits at the neighborhood level, including lowering cancer risk, reducing premature deaths, and decreasing asthma attacks.³ The study quantifies public health benefits and corresponding economic savings of converting from petroleum-based diesel to B100 for 13 disadvantaged communities in the U.S. currently exposed to some of the highest rates of petroleum diesel pollution.

The study found that switching to B100 in the home heating oil and transportation sectors would provide immediate community health improvements that can be measured in reduced medical costs and health care benefits, including approximately 50,000 fewer sick days in the study demographics. In the transportation sector, benefits included a potential 44 percent reduction in cancer risk when heavy-duty trucks such as semis use B100, resulting in 203,000 fewer or lessened asthma attacks for the communities studied. When biodiesel is used for home heating oil, the study found an 86 percent reduced cancer risk and 17,000 fewer lung problems for the communities studied. B100 can achieve these benefits by reducing pollution from some of the hardest to decarbonize sectors, heavy-duty transportation, and home heating.

The immediacy of these potential health benefits, especially for disadvantaged communities, is even more critical when one considers the years, possibly decades, it will take for states to pursue deep electrification and other decarbonization strategies.

³ Trinity Consultants. (March 2021). Assessment of Health Benefits from Using Biodiesel as Residential Heating Oil. <https://www.biodiesel.org/news-resources/health-benefits-study>.

This study proves and quantifies the major benefits a simple transition to biodiesel can have on communities that adopt it and we ask that USDA assist in continued promotion of biodiesel as a tool to lower greenhouse gas emissions.

2. What specific distributed energy technologies, innovations, and/or solutions are available or have the potential to advance environmental justice, racial equity, and economic opportunity through their deployment and/or development?

NBB requests that biodiesel be included in the scope of this program. Biodiesel provides immediate benefits to the rural economy and health of the community. Biodiesel can be used in existing diesel equipment, allowing for economically disadvantaged groups to easily switch to using a cleaner burning fuel with minimal investment and less expensive repairs and maintenance compared to other newer technologies. Additionally, existing businesses that maintain and repair diesel equipment can remain in business, continue to employ staff and mechanics, and remain profitable. As a result, biodiesel can provide near-term economic opportunities. Additionally, the use of biodiesel provides significantly reduced emissions of carbon monoxide, particulate matter, unburned hydrocarbons, sulfates and carcinogenic compound compared to petroleum diesel fuel.

3. What type of assistance or incentive (made available through a Rural Energy Pilot Program) would encourage the development and deployment of such distributed energy technologies, innovations, and/or solutions?

NBB recommends that USDA provide a higher percentage of cost-share for biofuel infrastructure development that would allow fuel retailers in rural communities to participate in the program. As rural markets are smaller, generally there is not enough demand to encourage investment by those wanting to promote biofuels. However, having access to and using biodiesel can lower carbon emissions on the farm and in other rural areas.

4. How should USDA measure, assess, and analyze the impacts of distributed energy solutions on environmental justice, racial equity, and economic opportunity?

USDA should utilize and promote tools, like census tracts used by the Small Business Administration's New Market Tax Credit Program, to define areas of environmental justice, racial equity, and economic opportunity concern. Areas of concern should be reassessed and adjusted periodically as economic and other factors improve. Additionally, USDA should work with local and regional environmental justice groups to set annual priorities for the pilot program and how to measure/assess them.

5. Who should be eligible to receive such assistance?

We recommend that any rural applicant, other than federal agencies and national laboratories, be eligible to apply. However, we ask that USDA expand its current rural definition, population less than 50,000, to allow applicants near rural populations and projects that directly benefit rural communities be eligible to participate in this pilot. Many biodiesel industry members work with rural farmers to secure feedstocks; however, projects adjacent to or near a rural location are deemed ineligible, even though these projects often provide substantial economic benefits to the rural community.

6. What types of technology and/or infrastructure should be eligible under such a Rural Energy Pilot Program?

Under the Rural Energy Pilot Program, we request that biodiesel be an available technology as well as infrastructure to fund the integration of biofuels at rural retail stations. At present, there are insufficient market drivers to encourage rural fuel retailers to invest independently in biofuels.

7. Should a Rural Energy Pilot Program incentivize efficiency, resilience, or some other value?

Both efficiency and resilience are important; however, NBB encourages USDA to look at the economic and carbon benefits to the community over efficiency and resilience. To that end, we encourage USDA to look at incentives that are known to improve air quality today.

8. Should the Rural Energy Pilot Program include minimum standards for equipment? Or a recognized standard of development such as commercially available?

NBB supports the inclusion of both commercially available and innovative technologies.

9. What types of efforts have proven to be effective to promote the deployment of distributed energy solutions or innovations that advance or have the potential to advance environmental justice, racial equity, and economic opportunity?

In order to be effective in this process, we advise that USDA evaluate the restrictions associated with matching funds and developing cost-benefit analyses and feasibility studies for meritorious projects. For example, under the Higher Blends Infrastructure Incentive Program (HBIIIP), providing matching funding to projects proved to be a challenge for rural communities and businesses. As an alternative, NBB suggests for the allowance of an industry member or business to provide the match and/or financial assistance so long as the benefit still accrues to the rural community. The assistance could be utilized as funding for developing project cost-benefit analyses and feasibility studies for meritorious projects.

10. If cost-sharing is required, what minimum level of cost-share (owner contribution) should be required of recipients of funding? What would you consider to be the most cost-effective level of cost-share while also supporting the objective of advancing environmental justice, racial equity, and economic opportunity?

If cost-sharing is required, we recommend that the grants should be greater than 25% of project costs.

11. What programmatic or administrative structures, policies, incentives, or requirements will support the advancement of environmental justice, racial equity, and economic opportunity through the Rural Energy Pilot Program? What structures, policies, incentives, or requirements might obstruct or otherwise undermine its advancement?

We recommend that USDA offer assistance to conduct feasibility studies and lower the grant match requirements for disadvantaged rural projects.

12. What programmatic or administrative and other barriers exist that may limit participation in the Rural Energy Pilot Program or the availability of program benefits? What should be done to ensure equitable program participation by those who would otherwise be unlikely to apply? What specific actions could USDA take to guide a transformation and/or expansion of a Rural Energy Pilot Program, in both the short- and long term?

Programmatic and administrative barriers may limit participation in the program, including grant writing, feasibility studies, and matching funds. To ensure equitable program participation we recommend that USDA simplify the application process so that non-grant writers can easily apply for the opportunity.

13. Given the objective, how should USDA measure the outcomes of the Rural Energy Pilot Program?

We recommend the following to measure the objectives of the Rural Energy Pilot Program:

- Did the project reach its goals for carbon reduction?
- Did the project provide resources outlined in the application that were not available prior to the completion of the grant?

- After the grant period is over, will the project continue or expand on its goals?
- What was the impact on the community?

14. To what extent should current investments be required to accommodate future, anticipated technologies?

Current investments should not be required to accommodate future, anticipated technologies.

16. From your perspective, how much post-award reporting is reasonable for recipients of funding?

We recommend quarterly reporting the first year followed by twice annually in subsequent years utilizing a short template.

The National Biodiesel Board looks forward to working with USDA. We are confident that biodiesel can contribute to immediate reductions in greenhouse gases in rural industries, transportation, and agriculture through participation in the Rural Energy Pilot Program.

Sincerely,



Kurt Kovarik
Vice President, Federal Affairs
National Biodiesel Board (NBB)