

**A STATUS REPORT ON
THE PREFERRED
PROCUREMENT PROGRAM
FOR BIOBASED PRODUCTS**

**PRESENTED TO THE
BIOMASS R&D FACA
MEETING**

Tuesday, July 19, 2005

Washington, DC

Dr. Roger K. Conway
Director,
USDA Office of Energy Policy
and New Uses

FEDERAL BIOBASED PRODUCTS PREFERRED PROCUREMENT PROGRAM

- Provides that Federal agencies must purchase biobased products designated by this program
- Authority for the program included in the Farm Security and Rural Investment Act (FSRIA) of 2002

SECTION 9002 OF FSRIA SETS OUT FEDERAL AGENCY REQUIREMENTS

- The Act defines biobased products as commercial or industrial products that are composed, in whole or in significant part, of biological products or renewable **domestic** agricultural materials (including plant, animal, and marine materials) or forestry materials

WHY DID CONGRESS CREATE THIS PROGRAM?

- To spur demand growth for new biobased products
- To grow demand for agricultural commodities
- To encourage development of processing and manufacturing in rural communities
- To capture environmental benefits
- To enhance the Nation's energy security

WHAT DOES THE PROGRAM REQUIRE?

- All Federal agencies must purchase biobased products that have been designated by the program, unless:
 - The products are not reasonably available
 - The products fail to meet performance standards for the application intended
 - The products are available only at an unreasonable price

WHAT DOES THE PROGRAM DO FOR FEDERAL AGENCIES?

- Encourages purchase of more environmentally sustainable products
- Helps Agencies identify those products
- Will increase the availability and diversity of biobased products

WHAT DOES THE PROGRAM DO FOR MANUFACTURERS AND VENDORS?

- Creates a preferred market for biobased products
- Provides large scale demonstration of biobased products performance in use
- Spurs development of new biobased products
- Develops alternatives to fossil energy based products

EXCLUSIONS FROM THE PROGRAM

- The following product groups are excluded from the program by statute:
 - Food and feed
 - Motor vehicle fuels
 - Electricity

PROPOSED USE AS FUEL ADDITIVES

- Ethanol as a fuel additive
 - Less than a 10 percent blend
 - Primary market may be to enhance air quality
- Biodiesel as a fuel additive
 - Less than 10 percent blend
 - Primary market may be lubricity for fuel pumps and injectors

FEDERAL AGENCIES MUST ASSURE THEIR SPECIFICATIONS COMPLY

- Within one year after guidelines are issued, assure that agency specifications require use of biobased products
- Agencies must create procurement program
 - A biobased products preference program
 - An agency promotion program
 - An annual review and monitoring of effectiveness of agency's program

REQUIREMENT APPLIES TO:

- Purchase or acquisition of a procurement item where the purchase price exceeds \$10,000, Or,
- Where the quantity of such items purchased in the preceding fiscal year was \$10,000 or more
- Requirement is applied at agency level

TO USE THE PROGRAM A MANUFACTURER CAN:

- Claim coverage under the program for all products for which generic groupings of products have been designated by rule making
- Certify that a product's biobased content is consistent with statutory definition
- Certify biobased content meets minimum requirement, using ASTM standard test

ADMINISTRATIVE PROCEDURES ACT

- Constrains what OEPNU can say about details of rules in clearance
- Purpose is to provide level playing field for stakeholders in rule making
- Public comment period offers stakeholders an opportunity to make views known
- All public comments considered in drafting final rules

STATUS OF IMPLEMENTING THE PROGRAM

- Final rule to establish program has been published in *Federal Register, January 11, 2005*
- Proposed rule to designate the first six items (groupings of products) for preferred procurement under the program has been published in the *Federal Register, July 5, 2005*
- Plans are for subsequent designation rules to designate balance of items as soon as possible

ITEMS PROPOSED FOR DESIGNATION

- Mobile equipment hydraulic fluids
- Urethane roof coatings
- Water tank coatings
- Diesel fuel additives
- Penetrating lubricants
- Bedding, bed linens, and towels

IMPLEMENTATION STATUS, CONTINUED

- As many as 36 items (groupings of products) expected to be proposed for designated for preferred procurement under the program this calendar year
- OEPNU has currently identified 102 items to be designated
- A proposed rule to establish the voluntary “U.S.D.A. Certified Biobased Product” labeling program is expected to be published in the *Federal Register* yet this fiscal year

EXAMPLES OF PRODUCT ITEMS

- Biobased hydraulic fluids for mobile use
- Metal complex grease
- Janitorial cleaners
- Industrial cleaners
- Gasoline additives
- Diesel fuel additives
- Biodegradable films

DESIGNATING PRODUCT ITEMS

- Must be done by rule making process
 - Proposed rule
 - Public comment period
 - Final rule
- USDA must consider information on
 - Product availability
 - Economic and technological feasibility of use, including life cycle costs

DESIGNATING PRODUCT ITEMS

- USDA must also provide information to Federal agencies concerning:
 - Relative price
 - Performance
 - Environmental and public health benefits
 - And, where appropriate, recommend a level of biobased content in the procured product

MANUFACTURERS CAN HELP USDA GET PRODUCTS DESIGNATED

- We need information on a number of individual products within an item (generic grouping) in order to designate that grouping by rule
- Please contact Steve Devlin at Iowa State University with product information. His phone is 515-294-5416
- Our website: www.biobased.oce.usda.gov is a good source of information on this program

USDA IS DEVELOPING A MODEL PROCUREMENT PROGRAM

- Under leadership of Departmental Administration
- In coordination with the Office of Federal Procurement Policy of OMB
- This program will be available to all Federal agencies
- Its purpose is to train agencies, educate, and promote use of biobased products

Conclusion

- A final rule establishing the program has been issued on January 11, 2005
- The proposed rule to designate the first six items (groupings of products) eligible for preferred procurement has been published on July 5, 2005
- A model procurement program will aid Federal agencies in purchasing biobased products
- A proposed rule for a voluntary labeling program will be ready for public comment this fiscal year

