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DEPARTMENT OF AGRICULTURE

7 CFR Part 2903

Office of Energy Policy and New Uses; Biodiesel Fuel Education Program—Administrative Provisions

AGENCY: Office of the Chief Economist, Office of Energy Policy and New Uses, USDA.

ACTION: Final rule.

SUMMARY: The Office of Energy Policy and New Uses (OEPNU) adds new regulations for the purpose of administering the Biodiesel Fuel Education Program conducted under the authority of section 9004 of the Farm Security and Rural Investment Act of 2002. This action establishes and codifies the administrative procedures to be followed in the solicitation of competitive proposals, the evaluation of such proposals, and the award and administration of grants under this Program.

DATES: *Effective Date:* This rule is effective September 30, 2003.

FOR FURTHER INFORMATION CONTACT: James Duffield at (202) 401-0523 or via electronic mail at jduffield@oce.usda.gov.

SUPPLEMENTARY INFORMATION:

Purpose

On July 15, 2003, the Office of Energy Policy and New Uses (OEPNU) published a Proposed Rule (68 FR 41751, July 15, 2003) to provide administrative provisions for the Biodiesel Fuel Education Program. In the Proposed Rule, OEPNU invited comments, which were due by August 14, 2003. The Agency did not receive any comments. No public meetings were requested or held. Therefore, the text in the Final Rule substantively is unchanged from the text proposed on July 15, 2003. OEPNU did make three minor grammatical or stylistic changes,

corrected a reference to this part in section 2903.15, and removed specific references to 7 CFR part 3015, since those regulations have been proposed for removal (68 FR 41947, July 16, 2003). Even without those specific references, the Final Rule clearly reminds the public that this program is subject to all applicable USDA regulations.

The Biodiesel Fuel Education Program was authorized in Sec. 9004 of the Farm Security and Rural Investment Act of 2002 ("2002 Farm Bill") (7 U.S.C. 8104). This Final Rule describes the policies and procedures OEPNU will apply to the Biodiesel Fuel Education Program. These policies are consistent with those used by other USDA agencies, particularly the Cooperative State Research, Education, and Extension Service (CSREES). The rules are consistent with the basic parameters by which most Federal agencies operate competitive grants programs and will be revised as needed to conform with Federal streamlining efforts.

The goals of the Biodiesel Fuel Education Program are to stimulate biodiesel consumption and to accelerate the development of a biodiesel infrastructure. Increasing biodiesel production will increase the demand for farm commodities, which in turn will raise farm prices and net farm income, and lower government program payments. The development of a biodiesel industry would increase employment and stimulate economic growth in rural areas.

Agencies' Roles

Section 9004 of the 2002 Farm Bill (7 U.S.C. 8104) requires that the Secretary make competitive grants to eligible entities to educate governmental and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use. In the Joint Explanatory Statement of the Committee of Conference accompanying the 2002 Farm Bill, the Managers encouraged the Secretary of Agriculture to utilize the expertise of OEPNU in carrying out the purposes of this section. The Secretary delegated this authority to the Chief Economist, who is implementing this authority through OEPNU. The USDA Farm Bill Implementation Task Force acknowledged that OEPNU would

provide technical oversight for the Program and utilize the services of CSREES in administering the Program.

Memorandum of Understanding

OEPNU and CSREES recognize the need for coordination and collaboration between the agencies to carry out the intent of the law. A memorandum of understanding has been signed by each agency which specifies the manner in which OEPNU and CSREES will collaborate in the administration of the Program. OEPNU will utilize the services of CSREES, pursuant to the Economy Act, 31 U.S.C. 1535, to administer the Program grants, as recommended by the Farm Bill Implementation Task Force. The Task Force recommended CSREES because of the Agency's experience conducting education-related grant programs and to take advantage of CSREES staff specialists who are familiar with administering grants.

Role of Oversight Committee

In implementing the Program, OEPNU has formed an oversight committee, including representatives with relevant expertise from the USDA Forest Service, Office of Procurement and Property Management, Agricultural Research Service, Rural Utilities Service, OEPNU, and CSREES and the Department of Energy Office of Biomass. Expertise of committee members includes research, development and demonstration of alternative fuels, production of alternative fuels, and procurement of alternative fuels.

Request for Applications

The committee has recommended guidelines for the Program, which are included in the Notice of Request for Applications published on July 15, 2003 (68 FR 41770). The closing date for receiving applications was August 14, 2003. Qualified applications that responded to the Request for Applications will be reviewed by the Oversight Committee, and the Committee will recommend awards. OEPNU plans to award one or two continuation grants in FY 2003. Awards made pursuant to the Request for Applications for the Biodiesel Fuel Education Program will be made in accordance with this Final Rule.