

**(2) Eligible entity**

The term “eligible entity” means a producer of fuel from cellulosic biofuels the production facility of which—

- (A) is located in the United States;
- (B) meets all applicable Federal and State permitting requirements; and
- (C) meets any financial criteria established by the Secretary.

**(c) Program****(1) Establishment**

The Secretary, in consultation with the Secretary of Agriculture, the Secretary of Defense, and the Administrator of the Environmental Protection Agency, shall establish an incentive program for the production of cellulosic biofuels.

**(2) Basis of incentives**

Under the program, the Secretary shall award production incentives on a per gallon basis of cellulosic biofuels from eligible entities, through—

- (A) set payments per gallon of cellulosic biofuels produced in an amount determined by the Secretary, until initiation of the first reverse auction; and
- (B) reverse auction thereafter.

**(3) First reverse auction**

The first reverse auction shall be held on the earlier of—

- (A) not later than 1 year after the first year of annual production in the United States of 100,000,000 gallons of cellulosic biofuels, as determined by the Secretary; or
- (B) not later than 3 years after August 8, 2005.

**(4) Reverse auction procedure****(A) In general**

On initiation of the first reverse auction, and each year thereafter until the earlier of the first year of annual production in the United States of 1,000,000,000 gallons of cellulosic biofuels, as determined by the Secretary, or 10 years after August 8, 2005, the Secretary shall conduct a reverse auction at which—

- (i) the Secretary shall solicit bids from eligible entities;
- (ii) eligible entities shall submit—
  - (I) a desired level of production incentive on a per gallon basis; and
  - (II) an estimated annual production amount in gallons; and
- (iii) the Secretary shall issue awards for the production amount submitted, beginning with the eligible entity submitting the bid for the lowest level of production incentive on a per gallon basis and meeting such other criteria as are established by the Secretary, until the amount of funds available for the reverse auction is committed.

**(B) Amount of incentive received**

An eligible entity selected by the Secretary through a reverse auction shall receive the amount of performance incentive

requested in the auction for each gallon produced and sold by the entity during the first 6 years of operation.

**(C) Commencement of production of cellulosic biofuels**

As a condition of the receipt of an award under this section, an eligible entity shall enter into an agreement with the Secretary under which the eligible entity agrees to begin production of cellulosic biofuels not later than 3 years after the date of the reverse auction in which the eligible entity participates.

**(d) Limitations**

Awards under this section shall be limited to—

- (1) a per gallon amount determined by the Secretary during the first 4 years of the program;
- (2) a declining per gallon cap over the remaining lifetime of the program, to be established by the Secretary so that cellulosic biofuels produced after the first year of annual cellulosic biofuels production in the United States in excess of 1,000,000,000 gallons are cost competitive with gasoline and diesel;
- (3) not more than 25 percent of the funds committed within each reverse auction to any 1 project;
- (4) not more than \$100,000,000 in any 1 year; and
- (5) not more than \$1,000,000,000 over the lifetime of the program.

**(e) Priority**

In selecting a project under the program, the Secretary shall give priority to projects that—

- (1) demonstrate outstanding potential for local and regional economic development;
- (2) include agricultural producers or cooperatives of agricultural producers as equity partners in the ventures; and
- (3) have a strategic agreement in place to fairly reward feedstock suppliers.

**(f) Authorizations of appropriations**

There is authorized to be appropriated to carry out this section \$250,000,000.

(Pub. L. 109–58, title IX, §942, Aug. 8, 2005, 119 Stat. 878.)

**§ 16252. Education****(1) In general**

The Architect of the Capitol shall establish in the Capitol Complex a program of public education regarding use by the Architect of the Capitol of biobased products.

**(2) Purposes**

The purposes of the program shall be—

- (A) to establish the Capitol Complex as a showcase for the existence and benefits of biobased products; and
- (B) to provide access to further information on biobased products to occupants and visitors.

(Pub. L. 109–58, title IX, §943(c), Aug. 8, 2005, 119 Stat. 881.)

**§ 16253. Small business bioproduct marketing and certification grants****(a) In general**

Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the “Secretary”) shall make available on a competitive basis grants to eligible entities described in subsection (b) for the biobased product marketing and certification purposes described in subsection (c).

**(b) Eligible entities****(1) In general**

An entity eligible for a grant under this section is any manufacturer of biobased products that—

(A) proposes to use the grant for the biobased product marketing and certification purposes described in subsection (c); and

(B) has not previously received a grant under this section.

**(2) Preference**

In making grants under this section, the Secretary shall provide a preference to an eligible entity that has fewer than 50 employees.

**(c) Biobased product marketing and certification grant purposes**

A grant made under this section shall be used—

(1) to provide working capital for marketing of biobased products; and

(2) to provide for the certification of biobased products to—

(A) qualify for the label described in section 8102(h)(1) of title 7; or

(B) meet other biobased standards determined appropriate by the Secretary.

**(d) Matching funds****(1) In general**

Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

**(2) Expenditure**

Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

**(e) Amount**

A grant made under this section shall not exceed \$100,000.

**(f) Administration**

The Secretary shall establish such administrative requirements for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

**(g) Authorizations of appropriations**

There are authorized to be appropriated to make grants under this section—

(1) \$1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for each of fiscal years 2007 through 2015.

(Pub. L. 109–58, title IX, §944, Aug. 8, 2005, 119 Stat. 881.)

**§ 16254. Regional bioeconomy development grants****(a) In general**

Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the “Secretary”) shall make available on a competitive basis grants to eligible entities described in subsection (b) for the purposes described in subsection (c).

**(b) Eligible entities**

An entity eligible for a grant under this section is any regional bioeconomy development association, agricultural or energy trade association, or Land Grant institution that—

(1) proposes to use the grant for the purposes described in subsection (c); and

(2) has not previously received a grant under this section.

**(c) Regional bioeconomy development association grant purposes**

A grant made under this section shall be used to support and promote the growth and development of the bioeconomy within the region served by the eligible entity, through coordination, education, outreach, and other endeavors by the eligible entity.

**(d) Matching funds****(1) In general**

Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

**(2) Expenditure**

Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

**(e) Administration**

The Secretary shall establish such administrative requirements for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

**(f) Amount**

A grant made under this section shall not exceed \$500,000.

**(g) Authorizations of appropriations**

There are authorized to be appropriated to make grants under this section—

(1) \$1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for each of fiscal years 2007 through 2015.

(Pub. L. 109–58, title IX, §945, Aug. 8, 2005, 119 Stat. 882.)

**§ 16255. Preprocessing and harvesting demonstration grants****(a) In general**

The Secretary of Agriculture (referred to in this section as the “Secretary”) shall make grants available on a competitive basis to enterprises owned by agricultural producers, for the purposes of demonstrating cost-effective, cellulosic biomass innovations in—