

HBIIP Frequently Asked Questions

Basics

Q. What is the purpose of the Higher Blends Infrastructure Incentive Program (HBIIP)?

A. HBIIP is intended to increase significantly the sales and use of higher blends of ethanol and biodiesel and encourage a more comprehensive approach to marketing higher blends by sharing the costs related to building out biofuel-related infrastructure.

Q. How does the Higher Blends Infrastructure Incentive Program (HBIIP) work?

A. Under the HBIIP, funds will be awarded to assist transportation fueling and fuel distribution facilities to convert their facilities through upgrade or installation of equipment required to ensure all equipment is fully compatible with higher blends of ethanol (i.e., greater than 10 percent ethanol) and biodiesel (greater than 5 percent biodiesel).

The program will share the costs related to the upgrading of fuel dispensers (gas and diesel pumps) and attached equipment, underground storage tank system components (which includes but is not limited to tanks, pumps, ancillary equipment, lines, gaskets, and sealants), and other infrastructure required at a location to ensure the environmentally safe availability of fuel containing ethanol blends greater than 10 percent or fuel containing biodiesel blends greater than 5 percent.

Q. Do fueling stations need special equipment to distribute higher blend of ethanol and biodiesel?

A. Storing and dispensing E15, E85, or other high blends of ethanol at gas stations with equipment that is not compatible with higher blends of ethanol fuel can result in leaks and releases that contaminate land and groundwater.

Older and even some recent existing UST systems (which includes but is not limited to tanks, pumps, ancillary equipment, lines, gaskets, and sealants) are not fully compatible with E15 or higher and require modification before storing these fuels. Biodiesel blends above B20 have similar requirements; some infrastructure changes may even be necessary when storing blends greater than B5.

Q. How much funding is available?

A. \$100 million for FY 2020 has been made available for the HBIIP grant opportunity.

Q. How many awards does the Higher Blends Infrastructure Incentive Program (HBIIP) expect to make in FY 2020?

A. The number of awards will depend on the number of eligible participants and the total amount of requested funds. In the unlikely event that every successful applicant is awarded the maximum amount available of \$5 million, 20 awards will be made. The Agency intends/expects to make approximately 150 awards and provide assistance to 1,500 locations from this solicitation.

Q. Where and how does applicant find and submit the Higher Blends Infrastructure Incentive Program (HBIIP) grant application?

A. Applicants must include all proposed activity under a single application. Application requirements and other important information is available at [Grants.gov](https://www.grants.gov) and on the HBIIP web page <https://www.rd.usda.gov/hbiip>

Q. The Higher Blends Infrastructure Incentive Program (HBIIP) has a total of \$100 million available, but how much is available for ethanol infrastructure?

A. Approximately \$86 million will be made available to transportation fueling facilities (including fueling stations, convenience stores, hypermarket fueling stations, fleet facilities, and similar entities with capital investments) for eligible implementation activities related to higher blends of fuel ethanol greater than 10 percent ethanol, such as E15 or higher.

Q. The Higher Blends Infrastructure Incentive Program (HBIIP) has a total of \$100 million available, but how much is available for biodiesel infrastructure?

A. Approximately \$14 million will be made available to transportation fueling facilities and fuel distribution facilities (including terminal operations, depots, and midstream partners), for eligible implementation activities related to higher blends of biodiesel greater than 5 percent biodiesel, such as B20 or higher.

Q. Does the Higher Blends Infrastructure Incentive Program (HBIIP) have any special goals for an applicant owning 10 or fewer fueling stations/locations?

A. Yes, the HBIIIP established a Targeted Assistance Goal for applicants (owners) owning the fewest number of transportation fueling stations/locations (and owning at least one). Approximately 40 percent of funds will be made available for activities/investments related to upgrading or installing equipment to make a transportation fueling facilities fully compatible to dispense/sell higher blends of fuel ethanol and/or biodiesel. USDA Rural Development expects this Targeted Assistance to be exhausted by applicants owning 10 fueling stations/locations or fewer.

Q. Does the Higher Blends Infrastructure Incentive Program (HBIIIP) make any considerations for geographic diversity?

A. Yes, Consideration for Geographical Diversity and markets underserved by higher blends is also afforded to applicants/participants based on the location of the proposed transportation fueling stations/facilities. This consideration is intended to work in concert with the Targeted Assistance Goal (aimed at applicants with 10 or fewer stations/locations) to distribute program funds more broadly across a greater number of states that may not otherwise participate. Geographical Diversity is not applicable to terminals or depots commonly associated with the biodiesel applications.

Q. Who can apply to get a grant under the Higher Blends Infrastructure Incentive Program (HBIIIP)?

A. Applications may be made by vehicle fueling facilities, including, but not limited to, local fueling stations/locations, convenience stores (CS), hypermarket fueling stations (HFS), fleet facilities, and fuel terminal operations, midstream partners, and/or distribution facilities that meet all the necessary program application and eligibility requirements.

Q. Is there a required match for the HBIIIP grant?

A. Yes, there is a matching fund (cost-sharing) requirement of at least \$1 for every \$1 in grant funds provided through the HBIIIP grant cost share, which cover up to 50 percent of total eligible project costs. Matching funds plus grant funds must equal total eligible project cost.

Matching funds are comprised of eligible in-kind contributions from third parties and/or cash. In-kind contributions by the applicant cannot be used to meet the matching fund requirement. Written commitments for matching funds (e.g., Letters of Commitment and bank statements) must be submitted with the Certification of Matching Funds when the application is submitted. Funds provided by the applicant in excess of matching funds are not matching funds.

Passive third-party equity contributions are acceptable for HBIIP projects, including equity raised from the sale of Federal tax credits.

Q. Can I use Federal grant funds from another program as part of the match?

A. No, unless authorized by statute, other Federal grant funds cannot be used to meet a matching funds requirement.

Q. Can grant matching funds be in cash and in-kind contributions?

A. Yes, matching funds may be in the form of cash and/or eligible in-kind contributions. Matching funds/contributions and grant funds may be used only for eligible project purposes, including any contributions exceeding the minimum amount required. Applicants will certify and demonstrate that any required matching funds are available during the grant period and provide appropriate documentation with the application.

Applicants may enter into arrangements with private entities such as, but not limited to, commercial vendors of fuels, agricultural commodity promotional organizations, Tribes, and other entities interested in the renewable fuels in order to secure such non-Federal funds or in-kind contributions.

Q. Can an applicant use funds from another State or private sector program for the required match?

A. Yes, there are several existing or prior and ongoing State-led programs and private sector efforts to help provide funding for higher blend dispensers, related equipment and infrastructure. These programs may be included as part of any matching contribution requirement. However, the application must show how the HBIIP grant will add to the infrastructure that fosters biofuel sales and use. HBIIP funds are intended to provide additional incentives.

Q. Can marketing, signage and consumer education be considered part of the match to the HBIIP grant?

A. Yes, **up to 10 percent** of an applicant's Matching Funds requirement (up to five percent of total project costs) may be used to **pay consumer education and/or marketing and/or signage** related expenses.

Q. What are the minimum required higher blend thresholds for ethanol and biodiesel?

A. Grants will support infrastructure installations and upgrades that will distribute ethanol blends containing greater than 10 percent ethanol and biodiesel blends containing greater than 5 percent biodiesel.

Q. In general, what can grant funds be used for in terms of equipment?

A. The grant funds can be used for installation, and/or retrofitting, and/or otherwise upgrading of dispenser/pumps, related equipment, and infrastructure.

Q. Can HBIIP grant funds be used to pay for consumer education, signage or marketing?

A. No, HBIIP grant funds may not be used for consumer education and/or marketing and/or signage.

Funding for Biodiesel Infrastructure

Q. Can funds be used to support the installation of infrastructure at a diesel terminal?

A. Yes, HBIIP grant funding can be used to infrastructure installation at diesel terminal to support the distribution of blends greater than 5 percent biodiesel, such as B20 or higher. Heating oil distributors are included.

Q. Would/do Above Ground Storage Tanks (ASTs) count for biodiesel bulk facilities?

A. Yes, the AST can be considered part of the biodiesel infrastructure at the biodiesel bulk facilities that are already existing. Tanks in general are not eligible for HBIIP funding when a fueling station or terminal is newly constructed under the HBIIP grant period.

Q. Is renewable diesel an eligible biodiesel for the HBIIP?

A. No, renewable diesel will not be considered. The HBIIP's \$14 million dollars is for biodiesel only.

Miscellaneous Infrastructure

Q. Will a fueling station canopy be eligible for funding as related equipment under the HBIIP grant?

A. No

Post Award Requirements

Q. Will grant awardees need to report their point of sales data for five years following project completion?

A. Yes, fueling stations will include point of sale reporting for up to 5 years post project completion and for fuel distribution facilities will include reporting of throughput volumes of all fuels including Higher Blend fuels.

Q. Will there be a chance of an extension for sites that are waylaid by manufacturing or technician delays?

A. The construction period will be outlined in the grant Agreement terms. Each grant will allow for up to 18 months for construction and expenditure of funds. It is likely that a one year extension can be exercised.

Q. What are the eligible project costs under the HBIIP grant?

A. Eligible Project Costs are only those costs incurred during the grant period and that are directly related to the use and purposes of the HBII. Eligible Project Costs may include: Retrofitting of existing, or purchase and installation of new, fuel dispensers (gas and/or diesel pumps) and attached equipment, underground storage tank system components, and other infrastructure required at a location to ensure the environmentally safe availability of fuel containing ethanol blends greater than 10 percent or fuel containing biodiesel blends greater than 5 percent; Construction, retrofitting, replacement, and improvements; fees for construction permits and licenses; and Professional service fees for qualified consultants, contractors, installers, and other third-party services.