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Dated: August 15, 2008.

Al Matera,

Director, Office of Acquisition Policy.

[FR Doc. E8-19669 Filed 8-22-08; 8:45 am]

BILLING CODE 6820-EP-S

DEPARTMENT OF ENERGY

Notice of Intent To Prepare an Environmental Impact Statement and Notice of Wetlands Involvement for the Abengoa Biorefinery Project Near Hugoton, KS (DOE/EIS 0407)

AGENCY: Office of Energy Efficiency and Renewable Energy, Department of Energy (DOE).

ACTION: Notice of intent to prepare an environmental impact statement, conduct a public scoping meeting, and opportunity for public comment; Notice of Wetlands Involvement.

SUMMARY: The U.S. Department of Energy (DOE) announces its intent to prepare an Environmental Impact Statement (EIS) pursuant to the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq.*), the Council on Environmental Quality NEPA regulations (40 Code of Federal Regulations [CFR] Parts 1500-1508), and the DOE NEPA regulations (10 CFR Part 1021) to assess the potential environmental impacts of a project proposed by Abengoa Bioenergy Biomass of Kansas, LLC (ABBK), to construct and operate a biomass-to-ethanol and energy facility near Hugoton, Kansas (hereinafter termed "Abengoa Biorefinery Project" or the "Project"). DOE's proposed action is to provide cost-share Federal funding to ABBK to construct and operate the Project. DOE is issuing this Notice of Intent to inform the public about the proposed action; announce plans to conduct a public scoping meeting; invite public participation in the scoping process; and solicit public comments for consideration in establishing the scope of the EIS, including the range of reasonable alternatives and the potential environmental impacts to be analyzed.

DATES: The public scoping period begins on August 25, 2008, and will continue through October 9, 2008. DOE will consider all comments received or

postmarked by October 9, 2008, in defining the scope of this EIS. Comments received or postmarked after that date will be considered to the extent practicable. A public scoping meeting will be held in Memorial Hall at the Stevens County Courthouse, Hugoton, Kansas, on September 10, 2008 from 6 p.m. to 8 p.m. Written and oral comments will be given equal weight.

ADDRESSES: Written comments on the scope of the EIS should be directed to Kristin Kerwin at the U.S. Department of Energy Golden Field Office, 1617 Cole Boulevard, Golden, Colorado 80401. You may also contact Ms. Kerwin by telephone at 303-275-4968, facsimile at 303-275-4790, or e-mail: kristin.kerwin@go.doe.gov. Envelopes and the subject line of e-mails should be labeled "Abengoa EIS Scoping Comments."

The public scoping meeting will be held on September 10, 2008 from 6 p.m. to 8 p.m. at the following location: Memorial Hall, Stevens County Courthouse, 200 East 6th St., Hugoton, Kansas 67951-2606.

FOR FURTHER INFORMATION CONTACT: For information on the proposed project, information on how to comment, or to receive a copy of the draft EIS when it is issued, contact Kristin Kerwin by any of the means described in the **ADDRESSES** section above.

For further information on the DOE Office of Energy Efficiency and Renewable Energy Integrated Biorefinery Program, contact Jacques Beaudry-Losique, Biomass Program Manager, U.S. Department of Energy, 1000 Independence Avenue, SW., EE-2E, 5H-021, Washington, DC 20585, telephone: 202-586-5188, facsimile: 202-586-1640, e-mail: eeere_biomass@ee.doe.gov.

For general information on the DOE NEPA process, please contact: Carol M. Borgstrom, Director, Office of NEPA Policy and Compliance (GC-20), U.S. Department of Energy, 1000 Independence Avenue, SW., Washington, DC 20585-0103; e-mail: AskNEPA@hq.doe.gov; telephone: 202-586-4600; leave a message at 1-800-472-2756; or facsimile: 202-586-7031.

SUPPLEMENTARY INFORMATION:

Background and Need for Agency Action: The Energy Policy Act of 2005 (EPAct 2005), Section 932, directs the Secretary of Energy to conduct a program of research, development, demonstration, and commercial application for bioenergy, including, integrated biorefineries that may produce biopower, biofuels, and bioproducts. Section 932 provides that

"the goals of the biofuels and bioproducts programs shall be to develop, in partnership with industry and institutes of higher education—

(1) Advanced biochemical and thermochemical conversion technologies capable of making fuels from lignocellulosic feedstocks that are price-competitive with gasoline or diesel in either internal combustion engines or fuel cell-powered vehicles;

(2) Advanced biotechnology processes capable of making biofuels and bioproducts with emphasis on development of biorefinery technologies using enzyme-based processing systems;

(3) Advanced biotechnology processes capable of increasing energy production from lignocellulosic feedstocks, with emphasis on reducing the dependence of industry on fossil fuels in manufacturing facilities; and

(4) Other advanced processes that will enable the development of cost-effective bioproducts, including biofuels."

Section 932(d) provides that "the Secretary shall carry out a program to demonstrate the commercial application of integrated biorefineries. The Secretary shall ensure geographical distribution of biorefinery demonstration under this subsection. The Secretary shall not provide more than \$100,000,000 under this subsection for any single biorefinery demonstration. In making awards under this subsection, the Secretary shall encourage—

(A) The demonstration of a wide variety of lignocellulosic feedstocks;

(B) The commercial application of biomass technologies for a variety of uses, including—

- i. Liquid transportation fuels;
- ii. High-value biobased chemicals;
- iii. Substitutes for petroleum-based feedstocks and products; and
- iv. Energy in the form of electricity or useful heat; and

(C) The demonstration of the collection of treatment of a variety of biomass feedstocks."

Section 932(d) further directs the Secretary to solicit proposals for demonstration of advanced biorefineries and to select only proposals that demonstrate economic viability without Federal subsidy after initial construction costs are paid and for projects that are replicable.

In implementing section 932, DOE's goal is to demonstrate that commercial-scale integrated biorefineries that use a wide variety of lignocellulosic feedstocks (biomass), can operate profitably once constructed, and can be replicated. Lignocellulosic feedstock includes energy crops, corn fiber, wood wastes, agricultural wastes such as corn

stover, and certain municipal solid wastes. DOE notes that, while the refining process for ethanol from biomass is more complex than the refining process for ethanol derived from grain, cellulosic ethanol can yield a greater net energy benefit and result in lower greenhouse gas emissions.

Accordingly, DOE issued a funding opportunity announcement for the construction and operation of commercial-scale integrated biorefineries intended to demonstrate the use of a wide variety of cellulosic feedstocks. On February 28, 2007, DOE announced the selection of six biorefinery projects for negotiation of financial assistance awards. In that announcement, DOE proposes to invest up to \$385 million in the six projects over the next four years.

Abengoa Bioenergy Biomass of Kansas, LLC (ABBK) of Chesterfield, Missouri, was one of the six applicants competitively selected for negotiation of award under DOE's funding opportunity announcement. Abengoa proposed an innovative approach to biorefinery operations that involves production of a biofuel and of energy in the form of steam that can be used to meet energy needs and displace fossil fuels such as coal and natural gas. In addition, siting the facility in Kansas would qualify Abengoa for state tax credits for biofuels, which would make the biorefinery a more viable commercial operation.

DOE granted an initial award to ABBK to advance the conceptual design; to initiate the permitting process; and to support an environmental review under NEPA for ABBK's proposed biomass-to-ethanol-and-energy facility near Hugoton, KS. DOE requires that ABBK fulfill these design, permitting, and environmental review obligations prior to deciding whether to cofund the construction and operation phase of the project. The total anticipated cost of this initial work is \$37.5 million of which DOE is funding 40% (\$15 million) and ABBK is providing 60% (\$22.5 million).

As described below, DOE is now proposing to negotiate a second financial assistance agreement for approximately \$61 million for the construction and operation of the biomass to ethanol facility, whose anticipated total cost is approximately \$190.5 million.

ABBK is also planning to construct and operate a traditional grain-to-ethanol production facility at the same site that would integrate the biomass-to-ethanol facility into the overall facility. This grain-to-ethanol facility would use a traditional starch conversion process to produce ethanol from grain

feedstocks (sorghum or corn) along with distillers grains with solubles, which is a product. While the traditional grain-to-ethanol facility would be constructed and operated with private funds, DOE plans to analyze the traditional grain-to-ethanol facility as a connected action in the EIS.

Proposed Action: DOE is proposing to provide approximately \$61 million in Federal funding to ABBK for the construction and operation of a commercial-scale biomass-to-ethanol and energy facility near Hugoton, KS. The total estimated cost (beyond the initial award) for construction and operation of the biomass-to-ethanol portion of the project is approximately \$190.5 million.

The biomass-to-ethanol facility would process 400 dry metric tons per day of biomass to produce approximately 12 million gallons per year (MGPY) of denatured ethanol. The biomass-to-ethanol facility would utilize an enzymatic hydrolysis process for converting biomass feedstocks to ethanol and co-products, and a gasification technology to convert biomass to synthesis gas. Biomass feedstock would be supplied from waste products from the production of crops produced within a 30 mile radius of the facility, and may include sorghum stubble, corn stover, switchgrass, and other opportunity feedstocks that are available in the area.

The traditional grain-to-ethanol process would use 32 million bushels of grain (sorghum and corn) to produce approximately 88 MGPY of denatured ethanol annually, two-thirds of which (i.e. that derived from sorghum) would qualify as *Advanced Biofuels* under Section 207 of the Energy Independence and Security Act of 2007 (EISA) (Per EISA, *Advanced Biofuels* includes all biofuels except corn-based ethanol). Solids from the process will be converted to animal feed, resulting in the production of up to 781,800 tons per year wet distillers grain with solubles (WDGS). The facility will have the capability to dry up to 50 percent of the WDGS, producing a maximum of 152,000 tons per year of dried distiller's grains with solubles (DDGS). The difference between the two sources of animal feed is moisture; DDGS contains approximately 10 percent moisture while WDGS contains approximately 65 percent moisture.

The overall integrated biorefinery, comprising both the proposed biomass-to-ethanol facility and the grain-to-ethanol facility, would be capable of producing about 100 MGPY of denatured ethanol and would be located on approximately 800 acres, which

includes the combined facility footprint of about 385 acres and a buffer area between the proposed biorefinery and the City of Hugoton to the east. Hugoton has a population of about 3,700 and is located in Stevens County in southwest KS. Land use in the area is primarily agricultural in nature with cropland being the dominant use and grassland being the secondary use. The area has diverse biomass feedstocks, numerous large cattle feedlots, and a variety of grains grown locally.

The project site itself currently consists of row-cropped agricultural land and is adjoined by grain elevators, an asphalt plant, industrial park, and airport to the south; golf course and agricultural land to the west; two residences to the northwest; and agricultural cropland to the north. About 65 % of the site would qualify as prime farmland if it were irrigated. The proposed biorefinery site and additional buffer area to the east are currently zoned Agricultural, but the biorefinery location is proposed for a change to Heavy Industrial zoning.

Infrastructure required to operate the proposed biorefinery would include the following:

- Water, which would be supplied from wells on-site and near the project site utilizing water rights acquired from local owners;
- Electricity, which would be brought to the project site by Pioneer Electric from an existing substation located a few miles to the north of the project site;
- Natural gas, which would be brought through a lateral connection to one of the nearby interstate pipelines or through the local distribution company;
- Wastewater treatment—wastewater would be treated on-site, non-contact cooling water will be used for irrigation;
- Railroad service would be provided by the Cimarron Valley Short Line which runs adjacent to the project site; and
- Road access would be via a truck bypass route that the City of Hugoton intends to construct prior to the completion of the project.

During construction, truck traffic to the site would be expected to average about 30 shipments a day. During operations, truck traffic would be expected to increase to about 470 shipments a day. Most of the grain and biomass would be obtained from growers located near the proposed facility, but about 8 million tons of grain would be shipped to the facility from non-local sources each year.

Alternatives: NEPA requires that agencies evaluate reasonable alternatives to the proposed action in an EIS. To implement the requirements of

EPAct 2005, Section 932(d), in a separate, earlier proceeding DOE conducted a competitive solicitation. DOE received 24 applications in the response to the solicitation. Of these, nine did not comply with statutory requirements for eligibility under Section 932. DOE reviewed the remaining 15 applications on their merits and, having considered the objectives set forth in Section 932, selected six proposals, including ABBK's proposal for appropriate NEPA review. DOE selected ABBK's proposal for negotiation of a funding agreement in part because of its particular scale, location, and technology.

DOE will consider reasonable only alternatives to the proposed action that meet its purpose and need. Accordingly, DOE proposes to analyze the following alternatives in detail in the EIS: (1) To provide federal funding for the Abengoa Biorefinery Project as proposed by ABBK (the Proposed Action); (2) to provide federal funding for the Abengoa Biorefinery Project contingent on implementation of environmental mitigation measures, which would be determined based on the environmental impact analysis in the EIS; and (3) to not provide federal funding for the proposed project (the No Action alternative).

Preliminary Identification of Environmental Issues: The purpose of this Notice is to solicit comments and suggestions for consideration in the preparation of the EIS. As background for public comment, this Notice contains a list of potential environmental issues that DOE has tentatively identified for analysis. This list identifies resource areas that may be affected by construction and operation of the proposed Project and that DOE plans to analyze in the EIS. This list is not intended to be all-inclusive or to imply any predetermination of impacts. DOE welcomes comments on this list and other suggestions on the scope of the EIS.

1. **Water Resources:** Potential impacts on surface and groundwater resources and water quality, including effects of water usage, wastewater management, storm water management.

2. **Potential impacts on apparent isolated wetlands** at the project site.

3. **Utility and transportation** infrastructure requirements for delivery of feedstocks and process chemicals to the facility and distribution of products from the facility to the marketplace.

4. **Land Use:** Changes in land use, including the proposed site and the geographical area that will provide feedstock to the proposed facility.

5. **Local and Regional Air Quality.**

6. **Cultural Resources:** Including potential effects on historic and archaeological resources and Native American tribal resources.

7. **Ecological Resources:** Terrestrial and aquatic plants and animals including state and Federally listed threatened and endangered species and other protected resources.

8. **Health and safety impacts:** Including construction-related safety and process-related safety associated with handling and management of process chemicals.

9. **Noise:** Potential impacts resulting from construction and operation of the proposed plant and from transportation of feedstocks, process materials, and plant byproducts.

10. **Socioeconomic impacts:** Potential socioeconomic impacts of plant construction and operation, including effects on public services and infrastructure resulting from the influx of construction personnel and plant operating staff, and environmental justice issues.

11. **Aesthetic and scenic resources:** Potential visual effects associated with plant structures and operations.

12. **Cumulative impacts** that result from the incremental impacts of the proposed plant when added to the other past, present, and reasonably foreseeable future activities within the regions of influence. This may include potential impacts resulting from widespread replication of this type of technology.

13. **Global Climate Change:** Potential greenhouse gas emissions and impacts on global climate change that may result from this project.

Public Scoping Process: Interested agencies, organizations, Native American tribes, and members of the public are encouraged to submit comments or suggestions concerning the content of the EIS, including the range of reasonable alternatives and the potential environmental impacts to be analyzed. DOE invites oral comments and suggestions at the public scoping meeting. The public scoping period will be open until October 9, 2008.

Written comments should be sent to Kristin Kerwin as described in the **ADDRESSES** section of this Notice. The public scoping meeting will be held at the location, date, and time listed in the **DATES** and **ADDRESSES** sections of this notice. This meeting will be informal. A presiding officer designated by DOE will establish procedures governing the conduct of the meeting and an overview of the proposed Project will be provided. The meeting will not be conducted as an evidentiary hearing, and those who choose to make

statements will not be cross-examined by other speakers. However, DOE representatives may ask speakers questions to help ensure that DOE fully understands their comments or suggestions. To request time to speak at the meeting, please contact Kristin Kerwin via telephone, mail, fax or e-mail as listed in the **ADDRESSES** section of this Notice. Persons may also sign up to speak before the meeting at the reception desk at the entrance to the meeting and will be provided opportunities to speak after previously scheduled speakers have spoken, as time allows. To ensure that everyone who wishes to speak has a chance to do so, five minutes will be allotted to each speaker. Depending on the number of persons requesting to speak, DOE may allow longer times for representatives of organizations. Persons wishing to speak on behalf of an organization should identify that organization when they sign up to speak.

A complete transcript of the public scoping meeting will be retained by DOE and made available to the public for review via the Golden Field Office Online Public Reading Room at: http://www.eere.energy.gov/golden/Reading_Room.aspx and during business hours at the Department of Energy, Freedom of Information Reading Room, Forrestal Building, Room 1E-90, 1000 Independence Avenue, SW., Washington, DC 20585-0001. Additional copies of the public scoping meeting transcripts will be made available during business hours at the following location: Stevens County Library, 500 S. Monroe Street, Hugoton, Kansas 67951.

Draft EIS Schedule and Availability: The draft EIS is scheduled to be issued in late 2008. The availability of the draft EIS will be announced in the **Federal Register** and local media. The draft EIS will be made available for public inspection at the location listed above and on the Internet. Comments on the Draft EIS will be considered in preparing the Final EIS.

Interested parties who do not wish to submit comments at this time, but who would like to receive a copy of the draft EIS should contact Kristin Kerwin as provided in the **ADDRESSES** section of this notice.

Issued in Washington, DC, on this 19th day of August, 2008.

Alexander A. Karsner,

Assistant Secretary, Energy Efficiency and Renewable Energy.

[FR Doc. E8-19633 Filed 8-22-08; 8:45 am]

BILLING CODE 6450-01-P