



United States Department of Agriculture
Rural Development

September 6, 2011

SUBJECT: Finding of No Significant Impact (FONSI)
TerraFuels, LLC
Proposed Municipal Solid Waste Biorefinery
In Alvin, Texas

DESCRIPTION OF ACTION

The USDA, Rural Business-Cooperative Service is considering an application for loan guarantee pursuant to Section 9003 of the Food, Conservation, and Energy Act of 2008 received from BBVA Compass Bank, for TerraFuels, LLC to construct and operate a Post Sorted Municipal Solid Waste (PSMSW) Biorefinery to be located in Alvin, Texas. The proposal would include the construction of the biorefinery and its related infrastructure to be located on approximately 10 acres of land. The biorefinery proposes the use PSMSW for production of drop-in green gasoline that will contribute to meeting the requirements of the federal Renewable Fuel Standard requirements. The environmental analysis of this proposed action is contained in an Environmental Assessment (EA) prepared by RBS.

The Proposal will use approximately 240 dry tons per day of feedstock (i.e., primarily food waste, cardboard and waste/contaminated paper to produce on average 5.2 million gallons of green gasoline per year. The intent of the proposal is to generate renewable fuels while contributing to the overall reduction of CO₂ emissions in the U.S.

This proposal, construction and operation of the biorefinery, would have minor adverse effects to air quality, water quality, and local flora and fauna; however, it does not pose significant adverse effects to the natural or human environment.

BASIS FOR FINDINGS

As required by the National Environmental Policy Act and agency regulations, RBS has assessed the potential environmental effects of the proposal. After consideration of the applicant's proposal, comments from Federal and State environmental regulatory and natural resource agencies, the agency has determined that the proposal will not have a significant adverse effect on the natural or human environment. Therefore, RBS will not prepare an Environmental Impact Statement for this proposal.

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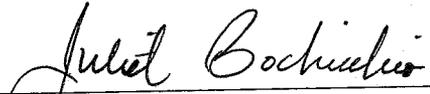
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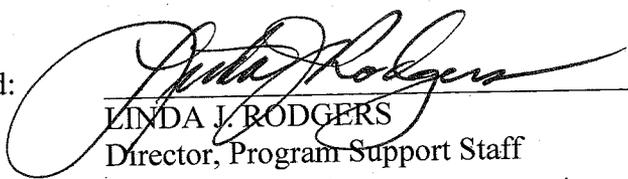
The Applicant must obtain and comply with all appropriate Federal, State, and local permits and approvals required for construction and operation of the biorefinery, and this requirement shall be incorporated and enforceable through the Agency's Conditional Commitment for Guarantee.

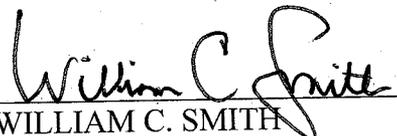
FINDINGS

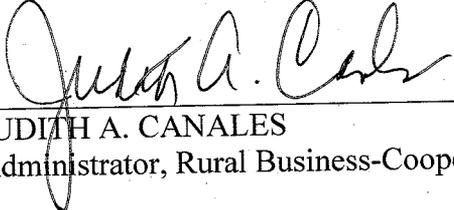
The attached environmental assessment for the subject proposal has been prepared and reviewed by the appropriate Rural Business-Cooperative Service officials. After reviewing the assessment and the supporting materials attached to it, I find that the subject proposal will not significantly affect the quality of the human environment. Therefore, the preparation of an environmental impact statement is not necessary.

I also find that the assessment properly documents the proposal's status of compliance with the environmental laws and requirements listed therein.

Prepared by:  09/06/2011
JULIET C. BOCHICCHIO Date
Environmental Protection Specialist, Program Support Staff

Recommended:  9/6/2011
LINDA J. RODGERS Date
Director, Program Support Staff

Recommended:  9/6/2011
WILLIAM C. SMITH Date
Director, Energy Division, Rural Business-Cooperative Service

Approved:  9/6/11
JUDITH A. CANALES Date
Administrator, Rural Business-Cooperative Service