

MEMORANDUM OF UNDERSTANDING

Between

United States Department of Agriculture

AND

The Innovation Center for U.S. Dairy

I. PARTIES

The parties to this memorandum of Understanding (MOU) are the United States Department of Agriculture (“USDA”) and The Innovation Center for U.S. Dairy “the Innovation Center ” hereafter referred to as “the Parties”.

II. PURPOSE

The purpose of this MOU is to establish a relationship between USDA and the Innovation Center, and to reflect the commitment of the parties to take steps aimed to create a sustainable future for the dairy industry.

The U.S. dairy sustainability initiative was launched in 2008 by Dairy Management Inc. – together with National Milk Producers Federation and International Dairy Foods Association – to accelerate innovation and build public trust in the industry’s commitment to providing consumers with the nutritious products they want in a way that is economically viable, environmentally sound, and socially responsible. Through the Innovation Center for U.S. Dairy, leaders from approximately 80 percent of the dairy supply chain -- including dairy farmers, cooperatives and associations, processors, manufacturers and brands – have endorsed the Commitment. Their first priority is the reduction of greenhouse gas emissions, and in 2009 they established a goal and Roadmap for the entire value chain to reduce greenhouse gas emissions by 25% by the year 2020. Joining the industry are national and international experts from academic, government, scientific, and non governmental organizations.

III. RESPONSIBILITIES

- a. In so far as practicable, and in accordance with its statutory and regulatory authorities, USDA will partner with the Innovation Center to work toward the following goals:

1. Assisting the Innovation Center for U.S. Dairy's work toward the goal of reducing the United States dairy industry's greenhouse gas emissions by 25 percent by the year 2020.
2. Accelerate and streamline the process for adopting anaerobic digesters by the United States dairy farm operators through various USDA programs.

Examples of actions that USDA may take:

1. **Simplified and integrated program application for U.S. dairy producers** – Work within existing program authorities to develop methods for integrating program applications for anaerobic digester projects across mission areas. USDA will work to connect the common capabilities of the Environmental Quality Incentives Program (EQIP), implemented by the USDA Natural Resources Conservation Service, and the Rural Energy for America Program (REAP), implemented by the USDA Rural Development in order to better direct prospective applicants to the correct program authorities. Determine whether individual components of an anaerobic digester system can be best supported by the unique attributes of USDA programs. For example, funding waste management practices and components through EQIP, and funding the actual digester and electricity generation components through REAP. Nothing in this provision shall be construed to modify or affect the program authorities of either the EQIP or REAP programs.
2. **Ranking and Cost-share rates for Anaerobic Digesters within the Environmental Quality Incentives Program** – Within program implementation flexibilities, develop guidance for USDA Natural Resources Conservation Service State Conservationists to offer enhanced cost-share rates for anaerobic digester practices and/or nutrient management practices needed to deliver animal waste nutrients to anaerobic digesters pending construction through an approved USDA program contract. USDA may consider a national program ranking pool for waste digester applications.
3. **Improved Financial Feasibility Studies for Anaerobic Digesters** – Expand the scope and include additional elements to be considered as part of financial feasibility studies utilized under the REAP program for anaerobic digesters, where appropriate.
4. **Improved Timing of USDA Programs** – Improve timing of USDA funding announcements to better match construction seasons. Work to reduce the time needed to bring anaerobic digesters into full operation.
5. **Parity in Project Ranking and Selection** – Assess the competitiveness of anaerobic digester projects associated with dairy production in USDA program applications and ranking processes. Take steps to ensure that anaerobic digester projects receive parity consideration along with other renewable fuel-related projects and program applications.
6. **Grid Connectivity** – Assess challenges dairy producers face in connecting viable anaerobic digesters to electricity grids. Convene inter-Departmental and Intergovernmental forum to help address and mitigate these challenges. Make recommendations for new or revised policies as appropriate.

7. **Utilization of Conservation Innovation Grants and the Cooperative Conservation Partnership Initiative for Anaerobic Digesters** – Adapt the Conservation Innovation Grants (CIG) program to provide priority ranking for anaerobic digester applications. Create a category under the Conservation Innovation Grants for co-product management. Further opportunities for program applications initiated by cooperatives, collective actions by multiple dairy farmers, and partnerships between private farmers (e.g. community digesters) and state and local governments for the development, operation, and maintenance of anaerobic digester projects to the extent that program statutory authority allows.
 8. **Cap and Flare Technologies** - Promote and communicate alternative funding and technical assistance opportunities for projects that would otherwise not qualify for assistance for an anaerobic digester or a producer does not desire to pursue the development and construction of an anaerobic digester. Alternatives may include capping and flaring gasses from lagoons or other waste storage facilities.
3. Support the promotion and implementation of energy audits targeting the dairy sector.
 4. Accelerate the adoption and technology transfer of new and existing manure management strategies
 5. Developing research initiatives to further assist in reducing environmental impacts [by the U.S. dairy industry]. Examples of actions that USDA may take:
 - a. Baseline Life Cycle Assessments and Greenhouse Gas Measurement: Support the open source lifecycle assessment research and the greenhouse gas monitoring research (extension to the NAEMS study).
 - b. Decision Support Tools: Assist in coordinating research and information USDA has available for use in decision-making tools used to guide farmer actions that improve efficiencies and environmental footprints of dairy farmers
 - c. Nationwide Workshop for Researchers – Coordinate a nationwide workshop for researchers, hosted by USDA and DMI, to disseminate information and coordinate research efforts on improving dairy sustainability. Workshop topics could include feed management, manure management, energy conservation and waste digester efficiencies and technology advances in dairy production, processing and handling.
 6. Leverage the U.S. Dairy Forage Research Center and Institute for Environmentally Integrated Dairy Management (IEIDM), Marshfield, WI.. Orient the products and research initiatives of the (IEIDM) with emerging science associated with greenhouse reduction goals of the U.S. dairy producers.
 7. Providing a single national point of contact for coordinating USDA agencies and services relating to greenhouse emissions associated with dairy production and research on greenhouse gas issues and science.

8. Assessing the feasibility of establishing an agency liaison with the Dairy Management Inc and The Innovation Center for U.S. Dairy.
9. Coordinate a nationwide multi-stakeholder meeting for that will bring together the entire value chain to identify and create opportunities for the dairy industry to reduce environmental impacts while creating business and social value.

B. In so far as practicable, The Innovation Center will:

1. Utilize its Member organizations to partner with USDA in communicating opportunities to producers.
2. Partner with USDA to Enhance Communications and Outreach to Dairy Producers – Initiate an improved marketing and outreach effort regarding program opportunities and assistance available for programs, practices, and projects that will result in the reduction of greenhouse gas emissions. In addition, promote farmer to farmer communications, sharing success stories and organizing tours of successful greenhouse gas reduction projects on U.S. dairies.
3. Cooperate as appropriate with the initiatives included under Section III (A)2.
4. Provide subject matter expertise for collaboration, stakeholder engagement, and summit planning

IV. General Terms

- A. This MOU is not a financial or funding document. It does not impose any financial commitments on either Party. Each Party will direct, manage and finance its own participation under the terms of this MOU.
- B. Nothing in this MOU shall obligate either Party to obligate or transfer any funds. Specific work or projects that involve the transfer of funds, services, or property among the Parties will require execution of separate agreements and be contingent upon the availability of appropriated funds. Such activities must be independently authorized by appropriate statutory authority. Negotiation, execution, and administration of each such agreement must comply with all applicable statutes and regulations.

V. TERM OF MOU AND RIGHT OF TERMINATION

This MOU is effective on the last date affixed to the signature of the parties. Either Party may terminate this MOU by providing a written 30 days notice to the other Party. This MOU shall expire 3 years from the effective date of signature by all Parties and may be, by written mutual agreement, extended for an additional term as deemed appropriate.

VI. THIRD PARTY BENEFICIARY STATUS

This MOU is not intended to, and does not create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by any party against the United States, its agencies, its officers, or any person.

VII. NON-ENDORSEMENT CLAUSE

The presence of the name or logo of The Innovation Center does not constitute an endorsement of The Innovation Center by USDA or vice versa.

VIII. SIGNATORY AUTHORITY FOR MODIFICATION

Any modification to this MOU must be made in writing executed by an authorized representative of each Party.

IX. AUTHORITY

The USDA's authority for entering into this MOU is the National Agriculture Research, Extension, and Teaching Policy Act of 1977, Pub. L. 95-113, Sec. 1402, et seq., 7 U.S.C. Sec. 3101, et seq.

Signed

_____/S/_____

Date: _____12/15/09_____

Thomas J. Vilsack

Secretary of Agriculture

_____/S/_____

Date: _____12/10/09_____

Thomas P. Gallagher

CEO, Innovation Center for U.S. Dairy and Dairy Management, Inc.

