

May 6, 2010

United States Senator Jeanne Shaheen
520 Hart Senate Office Building
Washington, DC 20510

Re: Federal Energy Legislation – Renewable Biomass Definition

Dear Senator Shaheen

New Hampshire's biomass industry has been an important part of the state's forestry infrastructure for over 20 years. This industry adds value to the forest landowner's low-grade timber, provides markets for sawmill byproducts such as slabs and sawdust and provides a cost-effective means for loggers and foresters to conduct pre-commercial thinnings, wildlife management harvests and timber stand improvement work. All of these benefits ultimately contribute to the landowner's ability to economically own and manage their forests.

As the United States Senate prepares to debate the merits of a renewable energy bill we wanted to share with you and the rest of New Hampshire's congressional delegation the important role New Hampshire's biomass industry plays and why it is important any policy coming out of this debate not be overly restrictive, specifically the definition of renewable biomass.

Importance of Biomass Industry

In 2002 the New Hampshire Department of Resources and Economic Development (NH DRED) initiated a study to find alternatives to sustaining the state's wood-fired electricity generating industry. At the time of the study New Hampshire had six operating power plants collectively using 1,283,000 tons of wood chips to produce 88.6 megawatts of electricity. The direct economic impact from these facilities was approximately \$38,300,000 per year reflecting the payments made for fuel and equipment and jobs created as a result of the spending by the power plants.

Since this study Public Service of New Hampshire converted a coal fired power plant in Portsmouth to burn wood chips a biomass power plant in Alexandria has reopened and New England Wood Pellet's Jaffrey production facility has increased its production of wood pellets. Combined these facilities consume over 725,000 tons of wood chips, sawdust and other biomass residues. With this additional biomass utilization we conservatively estimate these facilities add an additional \$36 million per year to the state's economy.

In addition to the economic activity the biomass industry also provides markets for low-grade timber products. According to NH DRED approximately 30 to 40 percent of the state's standing timber volume is considered low-grade. By adding value to this timber, timberland owners are able to justify economically owning their property and have a place to sell the wood coming from their pre-commercial thinnings. Simply, one of the most effective means of maintaining working forests is to add value to them and making forest management economically competitive with other land uses. The markets the biomass industry has created for low-grade timber is doing this and as we continue to see uncertainty in our traditional pulp and paper markets we expect the importance of the biomass industry to grow.

Biomass Definition

Twenty years of experience has shown that overall the state's timber markets have responded favorably to the biomass industry. New Hampshire's forest management laws are adequately protecting the environment during biomass harvesting while the state of New Hampshire's Department of Environmental Services actively monitors and regulates the air emissions from the biomass power plants and from smaller biomass thermal installations.

As individuals with an interest in forest policy and energy as it relates to forest policy we believe any attempt to regulate land use or biomass harvesting through a restrictive biomass definition is inappropriate. We say this in the context of individuals, organizations and companies committed to sound natural resource management and sustainable forestry. We would not subscribe to any definition that would knowingly lead to forest abuses or unsustainable harvesting.

We believe that attempting to disqualify certain types of forests or forest material from biomass markets through a restrictive definition adds complexity and cost to forest management projects. This additional complexity and costs will make low-value timber more expensive to produce and potentially uneconomic to use -- ultimately working against the state's renewable energy goal of having 25 percent of the state's energy needs come from renewable sources by the year 2025. Arguably New Hampshire's achievement of this goal will only be possible if a healthy and sustainable biomass industry exists since biomass is the primary base-load source of renewable power.

With New Hampshire's strong forest products industry the state's biomass industry already has a good infrastructure for the growing and delivery of biomass to market. Furthermore, the existence of these high-value markets strengthens the biomass market as biomass harvesting provides a means for landowners to grow high-value timber products. Because functionally high-value and low-value wood markets work in concert a restrictive and complex biomass definition would also have negative impacts on other forest product markets.

For these reasons we believe a broad definition such as the definition referred to as the "Farm Bill definition" is the most appropriate definition to use. Such a definition is also favored by the Secretary of Agriculture who has affirmed that a broad definition of biomass is necessary to advance renewable energy by enabling market participation and providing forest owner with economic options that will keep forestlands forested.

Again we appreciate the opportunity to share our comments with you on this important topic and are available to answer any questions you may have.

Sincerely,

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