

**Statement of the National Alliance of Forest Owners
Senate Committee on Energy and Natural Resources
Hearing on Majority Staff Draft for a Renewable Electricity Standard Proposal
Tuesday, February 10, 2009**

I. Introduction

The National Alliance of Forest Owners (NAFO) is pleased to submit comments to the Senate Committee on Energy and Natural Resources (Committee) majority staff draft for a Renewable Electricity Standard (RES) proposal. NAFO is an organization of private forest owners committed to promoting Federal policies that protect the economic and environmental values of privately-owned forests at the national level. NAFO membership encompasses more than 74 million acres of private forestland in 47 states. NAFO members are well positioned to help our nation meet its renewable energy objectives, and NAFO is prepared to work with the Committee and Congress toward that end.

Private working forests are a fundamental part of the strategic natural resources infrastructure of our nation, producing renewable, recyclable and reusable wood and paper products, sustaining plants and wildlife, producing clean water and air, and providing recreation experiences. Working forests also play a substantial role in helping this country achieve energy independence while reducing greenhouse gas (GHG) emissions. Forest biomass is a renewable energy feedstock that can help meet our national renewable energy goals in all regions of the country, if placed on a level playing field with other renewable energy sources.

NAFO asks this Committee to recognize biomass from private working forests as an eligible feedstock on an even playing field with other renewable energy sources as it

develops a federal renewable electricity standard. The RES should recognize that forest owners already work within a well established framework of laws, regulations and non-regulatory programs and actions that promote and maintain responsible forest management, and will continue to do so as they help our nation meet its renewable electricity objectives.

II. Our nation will not meet its objectives to increase our reliance on secure, domestic sources of renewable energy without the contributions of working forests.

Wood is a dependable, domestic renewable energy resource that can be utilized for energy production through a variety of processes like biomass generation, wood gasification, and conversion to cellulosic biofuels. Wood, wood residuals and other plant material can be utilized to produce steam and heat hot water boilers. Steam can be converted to electrical power by turbines or used to heat to buildings through piping distribution networks. Newer “wood gasification” technologies heat wood in an oxygen-starved environment, collect gases from the wood, and later mix the gases with air or pure oxygen for combustion. Wood gases can be cooled, filtered, and purified to remove pollutants and used as fuel for internal combustion engines, micro-turbines, and gas turbines.

As members of the Committee have discussed in the past, a federal RES that does not appropriately include all forms of forest biomass poses challenges to regions of the country where forest biomass is the prevailing renewable energy source and where wind, geothermal, solar or hydroelectric power are not expected to make a significant contribution. Biomass, for example, already produces roughly 53 percent of the nation’s non-hydro renewable electricity.¹

Existing state RES policies reflect the importance of utilizing biomass to successfully lower demand for traditional fossil fuels. To help meet renewable energy goals, at least 25 states and the District of Columbia have all included biomass as a renewable generation source. A federal standard that does not acknowledge or

¹ U.S. EIA at www.eia.doe.gov/cneaf/alternate/page/renew_energy_consump/table3.html □ Biomass is the primary energy source for 55.4 billion kilowatt hours of the 103 billion kilowatt hours of non□hydro renewable energy produced in 2007 (preliminary figures, subject to revision).

encourage the full use of forest biomass could jeopardize the nation's ability to meet its overall renewable energy objective.

III. Definitions of eligible biomass feedstock should put working forests on an even playing field with other renewable energy sources.

Definitions of qualifying renewable energy feedstocks should provide a level playing field for market access across all feedstock sources and encompass the full range of forest biomass, including trees and other plants, forest residuals (e.g., tops, branches, bark, etc), and byproducts of manufacturing (e.g., sawdust, bark, chips, dissolved wood retrieved from the paper-making process, etc). Presently there are at least four different definitions of qualifying forest biomass in federal statute². This adds complexity and confusion to project developers, biomass producers and federal program administrators who are required to determine how the various, and at times conflicting, definitions interact with one another.

NAFO has particular concern about the definition of eligible forest biomass found in the Energy Independence and Security Act of 2007 (EISA). As currently written, this definition places confusing parameters on significant acreages of private forestlands in the form of land use restrictions. These restrictions limit the ability of forest biomass to contribute to meeting the ambitious mandate to produce 36 billion gallons of renewable fuels annually by 2022.

The EISA definition significantly restricts the use of forest biomass from naturally growing and regenerating forests, which make up more than 90 percent of our nation's non-federal forests. By doing so, it removes potential markets and viable economic options needed by private forest owners to support thinning for a variety of sustainable forest management practices, and who are already experiencing economic pressures from the steep declines in traditional markets such as solid wood and pulp and paper manufacturing. It also places forest biomass at a significant disadvantage to other

² Separate definitions of eligible forest biomass can be found in Section 45 (c)(3) of the Internal Revenue Code (26 U.S.C. 45(c)(3)); Section 203(b)(1) of the Energy Policy Act of 2005 (42 U.S.C. 15852(b)); Section 201(1)(I) of the Energy Independence and Security Act of 2007 (42 U.S.C. 7545(o)(1)(I)); and Section 9001(13) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8101 (12)).

biomass feedstocks, such as short rotation agricultural crops that require more energy, nutrients and water to grow, as well as other renewable energy sources.

If applied to a federal renewable electricity standard, the definition of qualifying forest biomass in the EISA could discourage necessary and appropriate forest management activities that promote forest health and sustainability. It also creates complex chain-of-custody requirements that could cause electricity producers to exclude large portions of potential feedstock supply in order to meet compliance requirements. If identifying qualifying feedstock becomes too complex or costly, project developers may forego the development of facilities that use forest biomass altogether, thereby placing the overall RES in jeopardy.

IV. Utilizing working forests will both meet our nation's energy needs and help reduce atmospheric greenhouse gas (GHG) concentrations.

Experts have long recognized working forests as a source of real and verifiable reductions in greenhouse gases and a cost-effective source of industrial GHG offsets. The United Nations' 2007 Intergovernmental Panel on Climate Change (IPCC) highlights forest management as a primary tool to reduce GHG emissions. The IPCC states that, "In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the greatest mitigation benefit".³

Similarly, the EPA has concluded that there is "scientific consensus"... that the carbon dioxide emitted from burning biomass will not increase CO₂ in the air if it is done on a sustainable basis."⁴ This position is supported not only by the IPCC, but also by the Energy Information Administration (EIA), the World Resources Institute (WRI) and other credible scientific bodies.

Appropriately including forest biomass in an RES standard would take full advantage of these carbon mitigation benefits in the energy context. Likewise, a policy that discourages forest biomass utilization will forfeit these benefits, particularly in areas

³ Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change [B. Metz, O.R. Davidson, P.R. Bosch, R. Dave, L.A. Meyer (eds)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, page 543.

⁴ U. S. Environmental Protection Agency Combined Heat and Power Partnership, *Biomass Combined Heat and Power Catalog of Technologies*, 96 (Sept. 2007) available at www.epa.gov/chp/documents/biomass_chp_catalog.pdf.

where fossil fuels are the predominant source of energy production and where alternative forms of renewable energy, such as wind, solar and geothermal, are not viable options.

V. Forest owners work within a well-established framework of laws, regulations and non-regulatory programs and actions that maintain responsible forest management.

Private forestry operations are regulated by a fairly complex set of laws, regulations, and non-regulatory policies at the federal, state and local level. While the resulting framework is fairly complicated and can vary widely between jurisdictions, overall it has been very effective in improving the environmental performance of forestry operations, and can be expected to do so in the future.

Under this framework, working forests provide significant environmental benefits while providing important economic benefits like renewable energy. Watershed protection, wildlife habitat, carbon dioxide absorption, and other “environmental services” are currently provided by private landowners at little or no cost to society. Whenever policymakers consider new environmental requirements on private forestry, such as eligibility requirements for forest biomass intended for energy use, the implications for the economic viability of working forests should be considered. If new regulatory requirements reduce the private forest owner’s ability to realize value from a working forest; or if new market limitations constrain market opportunities for working forests, private forest owners might be compelled to consider other uses for their forests, which could result in the reduction of many of the broader environmental benefits they provide.

Attached is a white paper describing the various federal, state and local laws, regulations and non-regulatory programs and activities influencing private forest management. We anticipate that this summary will be helpful to the Committee in comparing the environmental performance of private forests to other biomass feedstock sources and ensuring that new policies do not duplicate, complicate or jeopardize the already successful delivery of environmental benefits provided by current forest practices.

VI. NAFO is prepared to work with Congress and other stakeholders to realize the contributions of working forests in energy policy in an environmentally responsible way.

NAFO is prepared to help develop a constructive approach to using forest biomass to help meet our nation's energy needs. Notwithstanding the strong record of environmental benefits private forests provide, NAFO is prepared to work with policy makers and other stakeholders to ensure that forest biomass, and all other sources of renewable energy, help meet our renewable energy objectives in an environmentally responsible way.

NAFO suggests the Committee apply the following principles when crafting legislation addressing the eligibility of forest biomass as a renewable energy source:

1. Federal renewable energy policy should promote rather than discourage the use of forest biomass for renewable energy. Federal policy, and definitions of qualifying forest biomass in particular, should be broad and inclusive so as to encourage forest biomass utilization and foster cost-effective compliance. If definitions and compliance requirements become too complex (e.g. the RFS definition), they will place forest biomass at a disadvantage with respect to other feedstocks or renewable energy sources and ultimately discourage its use. This, in turn, would jeopardize the overall goal of the RES and potentially reduce the carbon mitigation and other environmental services private working forests provide.

2. Federal policy should acknowledge and support existing federal, state, local, and nongovernmental forestry practices and capabilities. Federal policy should acknowledge and support the existing framework of federal, state and local laws, practices and capabilities that influence current forest practices, including the ongoing work of federal natural resource agencies, state forestry agencies, bodies that administer state water quality BMPs, and nongovernmental natural resource professionals. This existing framework is well suited to address local conditions and needs. Federal policies should also assume that this framework will continue in the

long-term and be applied to all forestry practices, whether associated with traditional or emerging markets.

3. Federal policy should recognize that state and local resource professionals are best positioned to identify and address changing resource conditions and emerging needs. Given the uniqueness and diversity of forest ecosystems across the nation, it is extremely problematic to set forest management or land use standards in a federal policy. Potentially changing resource conditions and needs are best addressed with a more tailored approach at the local level by state and local authorities using existing tools, common forestry practices, and well-established procedures.

State and local authorities should continue to fulfill their responsibilities to assess any changing resource conditions associated with existing or future forest practices, including the use of biomass to meet federal energy standards, and make a determination as to whether additional measures are needed to address emerging needs. If state or local authorities determine that additional measures are necessary, they should be allowed to continue the current practice of identifying and taking necessary corrective measures, following the BMP model that has proven highly successful across the country in protecting water quality.

VII. CONCLUSION

NAFO strongly supports our nation's efforts to establish new sources of renewable energy, and thereby reduce its dependence on fossil fuels and imported energy. America's working forests can play a fundamental role in meeting these new and growing energy needs. U.S. policies should encourage investment in forests as a source of renewable energy, by establishing non-restrictive definitions of forest biomass eligible for use in renewable energy programs.

A Federal RES, if adopted, should fully include forest biomass as a renewable energy source, and ensure that the definition of biomass encompasses the full range of forest biomass, including trees and other plants; forest residuals; and wood byproducts including sawdust, bark, wood chips, and dissolved wood. In addition, Federal policy

should allow state and local authorities to continue their current role in assessing resource conditions associated with forest management establishing, where needed, any additional measures that may be needed to address emerging resource needs associated with the use of forest biomass for renewable energy production.

Such an approach will enable our country to meet its renewable energy objectives and allow working forests to make their full contribution to our nation's renewable energy portfolio while providing important additional environmental benefits, such as reduced GHG emissions, clean water, wildlife habitat quality recreation and other environmental benefits Americans need and enjoy.

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