

## Forest Biomass Working Group meeting notes, March 2, 2006

1. The meeting began with a welcome from co-chair Joe Misek and facilitator Vicki Willis. Introductions were made by all present and the public was given the opportunity to provide input either in a brief presentation to the group or as the group worked through agenda items.
2. Key objectives for the meeting were discussed. These included:
  - a. finalize the critical path;
  - b. finalize the charter;
  - c. give update on forest biomass projects; and
  - d. identify next steps, required work, and future agendas.
3. Update on forest biomass projects: (more detail forthcoming from Marty)
  - a. Marty Stipe presented a list of current forest biomass projects in Oregon.
    - i. Douglas County Forest Products
    - ii. Swanson Lumber
    - iii. Hampton Lumber in Tillamook
    - iv. Warm Springs
    - v. Lakeview/Collins Pine
    - vi. La Pine/Vulcan
    - vii. Baker/Union/Wallowa/Harney Counties
    - viii. Boise in LaGrande
  - b. Jim Munyon provided an update on the Prairie City biomass facility. It currently is reaching out 70 miles to get a supply of woody biomass. The cost of materials is rising due to the cost of gasoline doubling. Freight costs are now \$3.20/mile. In order for this effort to succeed over the long run, they need utilities that are willing to buy power at an acceptable price.
  - c. Larry Potts of The Confederated Tribes of the Warm Springs gave an update on their biomass efforts. The Tribe has an agreement with the Forest Service and BLM for a long-term supply. It's a 20-year contract. They are in the initial stages of building a 15-megawatt biomass facility. Currently, the Tribe is contacting outside investors. There are tax breaks associated with the building of the biomass plant that the Tribe can't use since they pay no taxes. So the Tribe is looking for an investment partner that can utilize these tax breaks. The Tribe can take advantage of a Production Tax Credit, but must do so before Dec. 31, 2007, when the opportunity expires. It is worth about \$8 million net present value. There is some talk that the Production Tax Credit might be extended, but that is uncertain. Larry Potts of Warm Springs stated that in order to be successful with a large biomass effort, a high level of wide collaboration is needed. This effort won't work in all forest-based communities. Need a supply of material as well as existing infrastructure. Must engage the public, environmental groups, industry, federal and state agencies, tribes, and community-based forestry groups from the outset.

4. The Critical Path action plan was finalized by the group. Conveners for each of the six issue areas will meet with the Working Group members that volunteered to address individual issue areas. The **conveners** and members of each group to date are:
  - a. Predictable Supply Subgroup: **Scott Aycock** – David Schmidt, Jim Hallberg, Sandy Lonsdale, Joe Misek (Gary Lettman)
  - b. Stakeholder and Public Consensus Subgroup - **Mike Cloughesy** and **Rod Nichols** (co-chairs), Jim Hallberg, Doug Heiken, Loren Kellogg, Tad Mason, David Schmidt, Loretta Ray, Kathy Shinn
  - c. Economy and Market Development Subgroup - **Martin Desmond** - Ron Saranich, Sandy Lonsdale
  - d. Extraction and Production Infrastructure Subgroup - **Loren Kellogg** – Rick Wagner, Jim Giesinger
  - e. Research & Development Subgroup – **Linc Cannon** - Greg Corbin, Lisa Schwartz, Brian Finneran, Mike Ziolkowski, Mark Kendall
  - f. Supportive Regulatory Environment Subgroup – **Greg Corbin** – Lisa Schwartz, Brian Finneran, Mike Ziolkowski, Mark Kendall
5. Bonneville Environmental Foundation (BEF)/Mater study highlights were presented to the group by Marty Stipe. Report is forthcoming from Marty.
6. Committee Reports: Mike Cloughesy distributed and discussed the draft Communication Plan developed by the FBWG Communication committee. Mike also shared a couple of interactive media guides and discussed alternative ways this group may be able to reach out to stakeholders and the public to inform them about biomass utilization opportunities.
7. The Draft Charter was approved with minor edits made by the group today.
8. A co-chair representing the private sector was selected by the group. Eugene Rosolie of Pacific Northwest Generating Cooperative was selected unanimously by all members present.
9. Next Steps:
  - a. Report to the group on web site development
  - b. Regulations matrix back to the group
  - c. Sample contracts back to the group
  - d. Conveners meet with groups and make progress on action items in-between full committee meetings.
10. Future meetings for the FBWG were set for May 10 and July 26. (The May 10 date may need to be changed.)
11. Future agenda items the group wants to see to help them better address the issues include:
  - a. Panel of energy representatives with dialogue of the issues from their perspectives.
  - b. PUC presentation

- i. How rates are set (PURPA)
- ii. What's available
- iii. What's in process (UM 1129 docket &?)
- c. Work of the National Biomass utilization team – Ed Gee
- d. Work of other states on biomass
- d. Biofuels needs to be more visible in this committee – OSU?
- e. “Real World” issues from biomass producers like we had today (Potlatch)

12. Meeting was adjourned at 3:05 p.m.

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