

FOREST BIOMASS WORKING GROUP  
MEETING MINUTES  
September 25, 2007 -10:00am to 3:00pm

**Introductions**

Members and guests were welcomed at the meeting and self introductions were made. The public was invited to participate directly in the discussion of the group and join members at the table. Members present were Mike Cloughesy-OFRI, Adam Serchuck-Energy Trust, Scott Aycock-COIC (phone), Linc Cannon-OFIC, Greg Miller-Weyerhaeuser, David Schmidt-Upstream 21, Bill Kluting-Carpenters Industrial Council, Chad Davis-Sustainable Northwest, Markus Kaufman-Resource Innovations, Terry Fairbanks-BLM, Ron Saranich-USFS, Rick Wagner-ODF, Martin Desmond-Lane Micro Business, Eugene Rosolie-PNGC Power, and Cathy Clem-ODF. Guests present were Jim Crawford, Bryan Gooch Redd-Upstream 21, Matt Delaney Sylvan Power.

**Overview**

Main topic of the meeting was to thank members for their work to date and have a discussion with the group on “Where we go from here?”.

**Where We Go From Here –**

Mike Cloughesy facilitated this discussion, started out by reminding the group our work and reason for being came out of SB1072 (2005 session). After some discussion the group settled in to address:

1. Why continue?
2. Who should continue (In or Done)
3. What needs to be accomplished – Actions / Deliverables
4. How – Methods

**Why Continue?**

Should we continue or close up shop?

- A. Need to understand what has been accomplished and what remains (look over our report by section).
- B. Need specific scope of work and timelines developed
- C. Need clear charter and clear work plan
- D. Report to Legislature/Governor required every 3 years from State Forester, this group could offer a draft report to the State Forester since the first is due in 2008.
- E. Climate Change input is needed related to biomass
  - a. Baseline
  - b. Additionality
  - c. Climate Trust strategies
  - d. COIC pile burning monitoring
- F. Federal supply issues can benefit from this groups involvement- Good point of contact for federal partners.
- G. Blind men and elephant- each with a different point of contact for biomass we inform each other of the larger reality of making it work.

### **Status FBWG Key Actions / – Federal**

(We all need to think about what else has been completed or remains to be addressed).

We started off by utilizing the one page handout of Key Federal and State actions that were taken from the FBWG report. These elements were endorsed by both the BOF and REWG.

1. Call for Congress to fully fund and support development of the USFS Biomass Strategic Plan and the commensurate BLM plan.
  - Call was made for Congress to have a Biomass Strategic plans for USFS/BLM – Strategic plan was accepted by both agencies and is now complete.
2. Request that the USDOE offer solicitations for funding research focusing on the conversion of biomass, such as poplars and grass straw, to cellulosic ethanol.
  - USDOE now has a significant Cellulosic Ethanol push underway.
3. Build a cellulosic ethanol commercial demonstration facility in Oregon within the next two-and-a half years using public/private funds. Public funds could come from USDA Rural Dev. Agency's 9006 or 9008 programs.
  - Cellulosic Ethanol Demo – Lane Co USFS grant received to look into this.
4. Expedite forest stewardship contracting on federal lands through increased appropriations to staff federal lands management agencies.
  1. Progress on expediting Forest Stewardship Contracting occurring:
    - a. Need resources –Currently are pulling from other resources. Needs federal funding.
    - b. COIC has identified barriers to accelerating use of stewardship contracting. There may be tasks for members of this group from that list. Scott will share this list.
    - c. WOPR – Stewardship and Biomass is part (opportunity to comment)
    - d. New business modeling USFS is test running is still evolving, may be too early for this group to act on.
    - e. SB 1072
5. Address the cost of forest biomass, by encouraging funding of the existing federal transportation credit for biomass that was authorized by Congress.
  - Funding of Transportation Credit (could be in Farm/Energy Bill).
6. Address inequity in the federal production tax credit. Currently the credit for energy generated from biomass is less than for other renewable sources, and the credit is renewed for too short a time period to send the right signal to investors.
  - Inequity under Federal Production Tax Credit – under discussion, set to expire under 2008. There is a Wind Association operating in Washington D.C., but there isn't a Biomass association. . Organization needs to occur and a coalition needs to be built (biomass and wind power are complimentary/ biomass is firm).

### **Status FBWG Key Actions / State**

(We all need to think about what else has been completed or remains to be addressed/  
conveners have we captured the bulk of your subgroups efforts? ).

1. Provide funding for a coordinator to facilitate community forums to increase understanding of benefits and consequences of biomass utilization (2 FTE was in Governor's budget for ODF to further forest biomass development.)
  - Facilitate Community Forums – ODF received one FTE to address biomass workload. Position will be located in Southern Oregon where greatest opportunity is on OFRI map. The position will have a field focus and will work across the state. Joe Misek will continue work to develop biomass utilization as a part of his policy position. FBWG will be very interested in influencing the work plan for this position.
2. Build on harvesting and research projects that have already been completed and fund new studies to fill in the information gaps (OSU budget).
  - Harvesting and Research at OSU (Loren with group on his return)
    - Need to keep pursuing for support
    - Need to partner in going after federal grants
3. Support action that will help coordinate R&D advances in forest biomass utilization with commercial technology development (Renewable Energy Signature Research Center - SB580 currently being considered).
  - BEST Center was funded
    - a. Is more Agricultural centric
    - b. Need to advocate for Woody biomass with Sun Grant. Lots of biomass supply on the forestry side combined with the triple win.
    - c. Definite interest on what could be done with fuels.
4. Continue to develop administrative collaboration under Enrolled Senate Bill 1072 - 2005 session. Points to funding needs for ODF and other state agencies as articulated in the Governor's budget.
  - Administrative Collaboration – SB 1072 (2005) need to continue the effort to broadly stay informed through each other.
5. Consider developing/ expanding Oregon incentives to off-set capital cost of biomass energy facilities. (HB 2210, HB 2211 being considered in 2007 session)
  - Develop/Expand incentives
    - Much accomplished in last session (RPS, Biofuels/Biopower tax credit, BETC improvements, and renewable fuels standard were great steps forward).
    - Need to put it on the ground successfully
    - Need partners for facilities to buy tax credits (ODOE provides this as a service)

#### **Other Actions – Status**

1. Technical assistance – ODF biomass position to help make programs work/ connect business structures, etc. field level.
2. Community Outreach Model – Community needs examined and addressed. FBWG proposed hot teams. We are seeing consultants like Matt Delaney (Sylvan Power project), and non-profits like Resource Innovations begin to fill this role.
3. Much accomplished in 2007 session. May need Legislative fixes for some 2007 actions?
  - a. Woody biomass definition - Consider recommending to REWG that RPS and fuels bill definitions of woody biomass are too restrictive (use only for

forest health and fire safety), prefer SB 1072 (2005) definitions. Consider getting a group to examine this and then meet with public interest groups (Linc).

- b. Grandfathering 12 pre-1995 biomass plants (pioneers) that are currently not eligible for new renewable credits. Cut off date of 1/1/95 for projects cuts out 12 biomass facilities. Adam offered the legislation was intended to stimulate new investment, but Linc countered many of these existing facilities are operating at less than 100% capacity. Consider if concept is needed, then meet with public interest groups.
4. FBWG has framed obstacles and opportunities and developed a work plan.
  - a. Many procedural, some tactical things in FBWG report still need to be addressed.
5. Harvesting and Transportation operational obstacles need to be focused.
6. FBWG members by being connected have served useful role in writing letters of support for grants opportunists. (example: Lane Micro Business – cellulosic ethanol).
7. Communications efforts of FBWG
  - a. Website – could it be used more if we made improvements? Has had less attention lately.
8. HB 3543 – Global Warming Commission/hard targets
  - a. Has two forest sector seats on commissions
  - b. Need to consider how this group can influence or feed into this process. Need a cohesive group to consider this topic and work of NW Climate Change Initiative
  - c. Coordination and education role as a minimum to the public (Marcus willing to make it part of community outreach effort).

## 1. Who?

In – ODF, USFS, OFRI, Lane Micro, Sustainable NW, BLM, COIC (Phil Chang would be new person), Weyco (carbon/biomass interest), Resource Innovations, Upstream 21 (help folks get vision of why this forest health/biomass/carbon issue is important), OFIC (thinks global warming will be next big issue), OECDD (connection of rural and urban/green building and wood products), OSU (Loren Kellog). Energy Trust of Oregon (if compelling specific plan of work is identified). Other members will need to be polled as a more specific charter scope of work is developed.

Out – Eugene Rosolie-PNGC Power but he would be available to be a resource and would be an interested party.

## 2. What (Potential Areas of Focus) ?

Need to set some priorities to these given action discussion shown above.

1. Outreach to communities and projects

2. Federal Supply and Management (decentralized happening mostly at the local level, this group's role at policy or advocate level, and sharing information from the local level statewide).
3. Research Support- College of Forestry OSU, BEST Center/Sun Grant, silvicultural tools – fire, climate change
4. Taking role or position/policy statement developments of other Groups (SNW ex.)
5. Biofuels and bio-products support (higher value products, carbon?)
6. Research and development (supply models (CROP), residuals, ecology)
7. Examine logging slash as a supply (area outside of OFRI study).
8. Monitoring Research (COWPR – Our groups role would be outreach and info sharing. Currently COIC is looking to see if USFS thinnings have met objectives from fire and ecologic perspectives).
9. Report to the State Forester – 2008, 2011
10. Anticipated Positive Outcomes (economic factors- create jobs)
11. Grants and Contracts – Individual members work to help Oregon get some of the federal money (awareness of grant opportunities, letters of support for entities applying).

### **Future - Ideas**

Another set of ideas were thrown out as Future Ideas and to some degree some of these can be incorporated into areas above.

1. Climate Change/Carbon Sequestration
  - Focus
  - Opportunities
  - How to fit in
  - Oregon Initiative needs developed/ connect with western states
  - Targets- How does forestry count towards
2. Green Building – Glenn Montgomery
  - Architects / Builders
  - Rural as well as Urban
  - Make connections between manufacturing and green building
3. Fuel Reduction & Healthy Forest activities are operating on federal policy that was developed before biomass/bioenergy and carbon issues. Policy retool needed? (FFAC topic?)
4. Ecosystem Services
  - How to Quantify
    - Value of clean air
    - Risk avoidance
    - Water Quality/Quantity (OSU)
    - Willamette Partnership temperature riparian restoration (EPA) (this groups' connection in promoting forest health to these efforts).
  - Need to always consider more than just renewable energy economics. Triple bottom line (social – renewable energy, ecological – forest health, and economic – jobs)

- BLM – WOPR (Western Oregon Plan Revision) issue of contention. Will energy be seen as the Trojan Horse to those opposed to these revisions? Political storm brewing with current public comment period.

(Working Lunch)

#### Actions Needed

1. Joe will send out an email (with minutes for context for member that were not at the meeting) listing the “**What** (Potential Areas of Focus) ?”. Members to email Joe with top 4 areas we should focus on, and maybe thoughts on deliverables. At next FBWG meeting we will discuss the top 6 or so and create a specific work plan.
2. Need new co-chair. Per our Charter shall be a Workgroup member representing the private sector and selected by the Workgroup. Members please come to the next meeting with recommendations.
3. At the next meeting we will discuss issues, prioritize them, determine how to attack (workgroups again?), and get far enough that Joe and new co-chair can produce an updated charter for the group with specific deliverables and timelines.
4. Members will be contacted by Cathy in the near future for selecting our next FBWG meeting.

#### **Upstream 21 Update/ Introduction:**

David Schmidt (Upstream 21/ Formerly of Sustainable Northwest)–

- Jefferson State Forest Products (Jungworth’s) that spoke to us at the last meeting (was first company of Upstream 21). Now David works with Upstream 21. They have been working with Jefferson State Forest Products to take it to the next level (primary manufacturing). In working with USFS Shasta Trinity close to having 10 year stewardship contract. Around 2000 acres per year is size of plan. To make it pay need to go beyond post and poles. Looking at developing markets with goal of a 12 month operation with living wage jobs.
- Also agreed to purchase Community Small Wood Solutions in Wallowa county. Same business model will be worked at this location.

Bryan Gooch-Redd – Intro to Upstream 21

- Created 2.5 years ago by Bryan and a sustainable investment portfolio company in Portland, Oregon called Progressive Investment Management Company. These are socially responsible companies. Equals \$400 million dollars of assets. More recent interest in investors into small communities to help local companies grow. Upstream 21 is a C corporation, and is in the process of building a family of wholly owned subsidiaries. Goal is to work with companies and help them grow and adding to community health. Have agriculture and other focuses too. Need to save both natural capital and the people. Need jobs and healthy communities to do this. This is focus of Upstream 21. Thinks what we are doing is critical. When he talks to investors he needs to tell the story it is more than forest products, it is forest health, health communities too.

#### **Biofuels Update**

Martin Desmond- Wanted to share just a few updates on the Biofuels front:

- Shared latest National Geographic article on biofuels
- Biofuels conference here in Oregon (about 150 folks)
- Sun Grant
- BBI conference coming up in Portland 2<sup>nd</sup> week in October
- 3 or 4 Companies looking at developing straw cellulosic facilities here in the valley.
- 2 corn facilities still moving along. Pacific Ethanol and Cascade Grain.
- USDA/DOE grant funds for pilot cellulosic ethanol proposals.
- Tad Mason: new report done by his firm called “Alcohol Fuels from Biomass Assessment and Production Technology” done for the California Energy Commission. Evaluated about 40 proposals out there. Executive summary see <http://www.tmacenergy.com/documents/Cellulosic%20Ethanol%20Production.doc>
- Lane Co. Government has been awarded a Biomass Grant for \$100,000, has 7 or 8 partners. This grant has 4 elements:
  - Update the CROP study information for Lane County for biomass (Mater Engineering)
  - Do educational outreach to the public – value of cellulosic ethanol
  - Assessment of contractor resources (Marcus)
  - Do business stream

Ron Saranich is project manager for this project that is just getting off the ground.

### **Recognition of Members Work – Thank You!**

Joe and Eugene thanked members of the FBWG for their work in the first phase of the FBWG’s work. The diverse membership was a joy to work with in trying to further forest health and at the same time seeks to meet renewable energy goals. Thank you for your time and energy!

### **Quick News Updates from Members:**

1. Glenn Montgomery shared that the Renewable Energy Feasibility fund, targeted at municipalities to explore options in renewable power, next round of funding is in October. If you want to know more about this or be a reviewer of the projects submitted contact Glenn. When available Glenn will forward info to Joe to send out to the group. In first two rounds this funded 8 feasibility studies.
2. Ron Saranich – USFS - State Forester Wood To Energy Jump Start grants awarded:
  - Central Oregon Intergovernmental Council (COIC) received a grant for \$32,050 to develop a cluster of biomass boilers in Central Oregon. This proposal would lead to the development of 3 to 25 boilers using biomass for fuel. This would be accomplished by identifying prime opportunities, performing feasibility analysis, supporting project development, and assisting with financing.
  - ODF was given a grant of \$25,000 to conduct a statewide boiler assessment similar to those performed in other states. The assessment would help identify the prime candidates for conversion to biomass fuel and lead to the prudent investment and efficient use of biomass throughout Oregon. This proposal leverages an existing \$10,000 Rural Business Energy Grant that focuses on the Klamath Falls area.

### **Forest Restoration Working Partnership grants:**

- The Southwest Oregon RC&D received a grant for \$100,000 to improve forest health across the landscape of the Rogue River watershed by accelerating removal of uncharacteristically high densities of small diameter trees while working to increase the utilization and value of this material. Sites will be collaboratively identified and treated, increased business opportunities will be pursued, and communication and community engagement plans will be developed and implemented.
  - The Lane County Council of Governments was awarded \$95,000 to help jump-start a multi-party collaboration to begin developing a cellulosic ethanol industry in western Oregon by updating the Lane County CROP study; leading educational activities to enhance the level of public understanding and acceptance of the use of forest residuals; accessing the capacity of the local forest biomass processing businesses; and strengthening the local forest contracting business through business training and networking.
3. Joe Misek – Joe shared with members about FBWG involvement in upcoming National Society of American Foresters (SAF) meeting in Portland Oct. 23-27.
- Biomass poster session – Darren Mahr and Rod Nichols have worked on this with assistance from others).
  - Biomass Utilization – Strategies for improving forest health in Oregon/ half hour presentation (Joe Misek, Mark Kendall, and Scott Aycock)
  - Warm Springs Biomass Tour – Wagner, Misek, others...

### **Mark Kendall: Legislative changes -renewable energy 2007 Oregon Session**

See legislative handout covered by Mark at the meeting (attachment). Mark commented how this group (Joe, Mark and other conveners of the subgroups), through participation at a few REWG meetings, did help the REWG committee focus on legislation needed to further renewable energy legislation in the 2007 session.

Members present asked Mark many questions about the different bills passed related to forest biomass. It seems many questions remain and especially how the tax credit gets implemented will be very important. Mark thinks the instruction will be out sometime after October 1 in his work with ODOR.

**Meeting Adjourned about 2:50pm**