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Sustainable Northwest

to the

Subcommittee on Forests and Forest Health

House Resources Committee

United States House of Representatives

on

GAO Report on Woody Biomass Users' Experiences Offer Insights for Government Efforts Aimed at Promoting Its use

April 27, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify before the Subcommittee on Forests and Forest Health. In my position as Director of the Healthy Forests, Healthy Communities Partnership (HFHC), I have the privilege and responsibility of serving and representing a diverse array of wood products businesses. Many of these businesses have a keen interest in the design of fuels reduction projects and the subsequent use of woody biomass. My testimony will illuminate the perspectives of HFHC partners and urge the subcommittee to consider supporting biomass utilization that fully realizes its potential to simultaneously address renewable energy needs, forest health concerns, and rural development opportunities.

HFHC is a program of Sustainable Northwest, a Portland, Oregon based non-profit that partners with communities and enterprises to achieve economic, ecological and social vitality and resilience. We believe:

- People are and indivisible part of the ecosystems they inhabit
- Economic and environmental health are interdependent
- Communities have the energy and creativity to develop innovative, lasting solutions to complex environmental, economic and social challenges
- Connections between rural and urban communities and collaboration between diverse interests and individuals are integral to local and regional sustainability
- Effective ecosystem stewardship is adaptive, place-based and founded on evolving scientific and practical knowledge.

HFHC is a 60 member association of forest owners, loggers, wood products manufacturers, and community organizations. Cumulatively, we employ over 1,000 workers in the Pacific Northwest, producing wood products ranging from dimensional lumber to fine furniture. Our common bond is a commitment to our communities and to our forests. This commitment is demonstrated in our preference for timber coming from forest restoration projects and sustainable land management and our dedication to creating jobs that support families in rural communities. The Partnership supports its members by connecting them with sources of sustainable timber, assisting business and manufacturing endeavors, and building relationships with high-value markets that share our values.

On April 25 and 26, 2006, Sustainable Northwest and The Watershed Research and Training Center (Hayfork, California) hosted a conference, "Making Biomass Work", that brought nearly 200 people to Klamath Falls, Oregon. There, a diverse group of participants, including energy developers, environmental organizations, federal agencies, community non-profits, and wood products businesses learned about the tools, considerations and requirements necessary for the successful and sustainable implementation of biomass projects. The conference focused on coordinated and collaborative approaches to maximize opportunities for renewable energy, rural revitalization, and sound forest stewardship. Many of the recurrent themes were consistent with our experiences over the last few years on key guiding principles for responsible and effective biomass utilization.

While we are generally in agreement with the findings of the GAO Report on Woody Biomass Users' Experiences, we will

frame our testimony around the following points, which reflect experiences and lessons among HFHC members, members of the Rural Voices for Conservation Coalition, and participants at the biomass conference in Klamath Falls.

- The improvement of forest health should be the primary driver behind all woody biomass projects.
- Diverse sizes and types of biomass projects will be necessary to address diverse community conditions and needs.
- Biomass should be channeled to a range of uses with priority given to its highest value applications.
- Investments in community capacity and infrastructure will promote local benefits and long-term forest health.
- Collaborative planning for biomass utilization will facilitate implementation and promote the realization of multiple benefits.

Forest Health

Biomass utilization should foremost be considered a tool for improving the health of our forests. All projects should lead with this objective. Economic and social benefits improve overall attractiveness of biomass as a renewable energy option; however, if forest health is conceded, hard won community support will be lost and the security of supply and overall project viability will be compromised. Specific provisions linking biomass to forest improvements at a range of scales and requiring ecological monitoring will ensure continuous improvement and enable projects to increase in scale as ecological impacts are better understood.

Diversity

We believe that there is no single biomass facility size or application that is suited for the complexity of conditions in different local contexts. Biomass projects should be diverse across scales and applications, using the most appropriate technology in a given locale, to ensure that it is complementary with existing businesses and in harmony with a sustainably available supply from the forest. While larger facilities may enhance profitability by achieving a certain economy of scale, such facilities may be inconsistent with fuels reduction needs, community capacity to participate, and regional power market dynamics. In some contexts a cogeneration facility producing 15 megawatts or more may make sense; however, in other situations more modestly scaled “Fuels-to-Schools”, mobile gasification, or small-scale power generation will be more appropriate. In areas retaining a wood products economy, or with wood products development plans, biomass utilization should consider how fuels reduction projects can supply and stimulate these efforts. The Energy Bill’s authorities for an Improved Biomass Use Grant Program (Sec. 210) can play an important role in supporting the development of diverse biomass projects. Such projects may include higher value-added wood-products uses of biomass as well as energy production uses, both thermal applications and power generation. An important consideration is to seek to maintain parity, or equity, among diverse uses of woody biomass when developing policy incentives.

Highest Value Use

Utilization efforts that are coordinated to put biomass to its highest possible use create jobs within the value-added small business sector while still diverting the lowest-value material into energy production. Our research and experience has clearly demonstrated that best-value usage can generate greater returns to land-management agencies and improve the economic viability of all utilization efforts. By intelligently sorting biomass, local sawmills, value-adding small businesses, and power generation projects can work together to diversify consumption, fully utilize wood removed, and build broad community support. The federal government can support such efforts by requiring that such coordination be included in the review criteria for grant programs and by supporting incentive programs for value-added uses that serve a function similar to the tax credits in place for renewable energy production.

Community Capacity

Successful biomass utilization efforts will include investments in the overall capacity of a region to effectively treat, remove and utilize small diameter material and woody biomass over the long-term. Investments that are vertically integrated and strategically coordinated will support the thoughtful design of fuels projects, the ability to treat forest landscapes, local utilization of material removed, and marketing of resulting products. By enhancing community capacity, federal programs can stimulate the ongoing ability of local entities to participate in a “biomass economy”. This local participation is critical to build support for and ensure the appropriate design of biomass projects. We encourage the Subcommittee to consider supporting technical assistance programs that will strengthen community capacity. Although the Forest Service’s Economic Action Programs have in the past provided this important level of assistance, support from additional program areas may stabilize the federal investment in community capacity. The Woody Biomass Utilization Grants Program may be a good instrument for supporting the delivery of such assistance. Increasing the funding of this program and

extending eligibility to projects offering technical assistance will help enhance the needed community capacity.

Collaboration

Partnerships between multiple stakeholders will not only improve the prospects of project implementation, it will also ensure that biomass efforts reach their fullest potential by addressing a range of needs that include long-term forest health, renewable power, and job creation. One poignant observation from our recent biomass conference was the diversity of participants in attendance and the common ground which they were able to identify. This fact is indicative of three key points. Biomass utilization has implications that are very important to multiple interest groups. In order for these interest groups to productively engage with each other a neutral and constructive environment should be provided. Long-lasting and effective solutions must be built on a collaborative foundation. In Lakeview, Oregon, extensive collaboration among stakeholders has reduced the risk inherent in federal timber projects, providing a greater assuredness of long-term supply as sought by investors considering biomass projects. This collaboration was largely coordinated by the local non-profit, Lake County Resources Initiative. Non-governmental organizations are well situated to convene diverse stakeholders and help craft sustainable solutions. Their ability to facilitate the use of woody biomass should be supported through federal programs.

Summary

Biomass utilization has enormous potential to address an array of needs in the rural western landscape. Benefits can include restored forest health, renewable energy, and job creation in underserved communities. In order to fulfill this potential, collaboration, coordination, and strategic investment are all required. As Congress develops programs to encourage forest fuels reduction work by stimulating the use of resulting woody biomass, Sustainable Northwest and its community partners recommend a few key strategies.

- The Improved Biomass Use Grants Program in the Energy Bill can support diverse efforts that span a range of scales and technologies. This program needs funding to encourage such projects.
- Although biomass energy has its place, concomitant support of higher value uses will stimulate overall community development and improve the economics of fuels reduction treatments. Federal grants and incentive programs should also target these value-added uses.
- Federal programs such as the Forest Service's Economic Action Program and Woody Biomass Utilization Grants should support technical assistance and rural capacity building to strengthen the overall community foundation upon which forest restoration and biomass utilization take place.
- Collaborative models are the most effective approach of developing a federal timber supply and building community support for biomass projects. Projects that demonstrate collaboration and regional coordination should receive priority funding.

Thank you for providing me with the opportunity to testify before this committee today. I would welcome any questions you may have.