

Committee on Resources

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**STATEMENT
OF
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BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES
SUBCOMMITTEE ON FORESTS and
FOREST HEALTH
HEARING ON H.R. 1550

To authorize the Secretary of the Interior and the Secretary of Agriculture to make grants to improve the commercial value of forest biomass for electric energy, useful heat, transportation fuels, petroleum-based product substitutes, and other commercial purposes.

Wednesday, September 29, 2004

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to discuss H.R. 1550 and the Administration's efforts to advance biomass energy and reduce the threat of catastrophic wildfires to communities and natural resources. Through our collective effort we are turning a challenge into economic opportunity at the local level. The challenge is restoring the health of our forests and rangelands, reducing the threat of catastrophic wildfires; the opportunity is diversifying our domestic energy supply with homegrown renewable energy.

H.R. 1550 would authorize the Secretaries of Agriculture and the Interior to make grants to improve the commercial value of forest biomass for electric energy, useful heat, transportation fuels, petroleum-based product substitutes and other purposes. The Department supports the authorities contained in H.R. 1550, provided that it is amended to: 1. ensure that the Department of the Interior and the Department of Agriculture coordinate their activities in order to avoid duplicating efforts in planning and carrying out fuels reduction treatments; 2. reduce the authorization levels to no more than \$5 million per year, consistent with Section 203 of the Healthy Forests Restoration Act of 2003.

Under this Administration, several policies have been developed in support of woody biomass utilization, including bioenergy. At the outset, I want to emphasize two underlying themes: the first is the ongoing role of coordination – among Federal agencies, as well as government partnerships with the private sector, academia and others – to implement policies and practices that are sustainable, achieve environmental goals, and are developed in collaboration with communities.

The second theme is the strong support of this Administration – as shown in the President's National Energy Policy – for developing renewable energy as a means of increasing domestic energy supplies to satisfy America's growing demand for energy. Within this framework, one of the Administration's goals is to increase the use of biomass energy. By doing so, we have the potential to create jobs, stimulate economic activity, reduce vulnerability to oil supply disruptions, and minimize pollution.

There are three important elements which are necessary to support a successful bioenergy and biobased products industry:

- * Consistent, reliable and affordable supply of woody biomass;
- * An industry infrastructure to process that supply; and
- * A marketplace with an adequate profit potential for investment by the private sector.

To address the first element – a consistent, reliable and affordable supply of woody biomass – the

Administration has hosted two Renewable Energy Conferences involving key constituents and interested participants to focus on ways to increase renewable energy production from Federal lands. These conferences resulted in a White House Report from the Secretaries of Energy and the Interior, in coordination with the Secretaries of Agriculture and the Defense, which outlined a number of actions to increase renewable energy production and implement the National Energy Policy. We have also entered into a Memorandum of Understanding on biomass policy principles which was signed by Interior Secretary Norton, Energy Secretary Abraham, and Agriculture Secretary Veneman. The Department of the Interior has also published an Interim Final Rule to allow for woody biomass use wherever ecologically appropriate and in accordance with the law.

Woody biomass is predominately the by-product of hazardous fuels removal projects that reduce the risk of unwanted wildfires and improve forest health. We are institutionalizing these policies in our manuals and handbooks. In addition, and thanks to bi-partisan leadership in the Congress, the Healthy Forests Restoration Act has assisted our field offices in providing the necessary tools for undertaking forest health projects.

The Department of Energy estimates that the total available domestic biomass resource, beyond current uses for food, feed, and forest products, is between 500-600 million dry tons per year. Within the continental U.S., we can grow and put to beneficial use hundreds of millions of tons of additional plant matter per year on a sustainable basis. These biomass resources represent about 3-5 quadrillion Btus (quads) of delivered energy, or as much as 5-6 percent of total U.S. energy consumption. In terms of fuels and power, that translates into 60 billion gallons of fuel ethanol or 160 gigawatts of electricity. This is a critical element in achieving the Administration's goals of increasing our energy independence and promoting the development of clean, environmentally-friendly energy resources. Biomass grant programs help foster development of this energy resource.

The next element is to stimulate private-sector investment in infrastructure (equipment, facilities, labor) to facilitate the development of industries to use the vast quantity of small wood and forest by-products of restoration and hazardous fuel reduction projects.

H.R. 1550 includes provisions that are addressed in recently-enacted legislation designed to promote the development and use of biomass materials, but makes explicit the Department's authority in this area. For example, the Healthy Forests Restoration Act, which became law in December, 2003, expanded the scope of the Healthy Forests Initiative, integrating silvicultural activities and authorizing an additional \$10 million in biomass funding through FY 2007. Through this Biomass Research and Development Initiative, grants are available to eligible entities to carry out research, development, and demonstrations on biobased products, bioenergy, biofuels, biopower, and related processes. Additionally, several provisions in the Farm Security and Rural Investment Act of 2002 (Pub. Law 107-171), which became law in May, 2002, promote the use and development of biomass products. For example, Section 9002 requires Federal agencies to increase their procurement of qualifying biobased products. When fully implemented, the program will stimulate development of a broad range of high-performing biobased products that minimize environmental impacts.

Similarly, Section 9006, authorizes loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase renewable energy systems and make energy efficiency improvements.

We would like to work with the bill's sponsors and the Committee on amendments to address certain technical concerns that we believe will strengthen and clarify H.R. 1550 should the Committee elect to move forward on the bill.

Thank you for the opportunity to appear before this Subcommittee today. I will be happy to respond to questions from the Members.