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President USW 1234
Pulp & Paperworkers' Resource Council

Testimony submitted for the Joint Oversight Hearing
by
the Subcommittees on Forests and Forest Health and Energy and Mineral Resources

Wednesday, February 8, 2006

10:00 AM – 1324 Longworth

“The Effects of High Energy Costs on Jobs and the Potential for Expanded Use of Biomass for Energy”

My name is Matthew Russell. I currently work as a journeyman millwright at the Georgia-Pacific paper mill in Halsey, Oregon. I have been employed in the Forest Products Industry for 33 years. Before I was hired at Halsey, I worked at an Oregon saw mill and an Oregon paper mill before they were forced to close. Presently, I am president of United Steelworkers Local 1234 and Special Projects Director for the Western Region of the Pulp & Paperworkers' Resource Council. On behalf of my membership, I want to thank you for holding this hearing on a very important issue to our industry.

The Georgia-Pacific mill at Halsey, Oregon employs 550 people. In the early 1990's the company installed a secondary fiber plant. This plant created 60 jobs, reduced waste in the landfill and provided much-needed fiber for our paper machines. It also created a by-product called Agritech which is used by farmers as an agricultural fertilizer. By utilizing a waste product, we provided value for our company.

Presently, at the Halsey mill we purchase all of our electricity, steam and virgin pulp because we do not have a pulp mill. Some sites in the industry with pulp mills are nearly 60% self-sufficient because they burn biomass for energy. If a biomass cogeneration facility was installed at Halsey, we could increase our power supply, create our own steam and add additional power to the grid. At the same time we could significantly decrease our dependency on fossil fuels, and contribute to the *reduction* of greenhouse gas emissions because burning biomass creates a “carbon neutral” energy which does not contribute to global climate change. Utilizing biomass to produce energy is a perfect fit for our industry.

The Halsey mill site is near two major forest fire disaster sites – the Biscuit fire & the B & B Complex fire. Therefore, potentially large supplies of biomass from burned forestlands are close to our mill. This is extremely important because severe declines in federal timber harvest in the last fifteen years have resulted in a constant shortage of fiber supply. In addition, residuals from local sawmills such as bark and sawdust, and spent liquors and fines from the pulping process could also be used as fuel.

Some of the reasons why we have not made an investment in a cogeneration facility utilizing biomass include:

- the permitting problems facing all mills trying to stay in business
- the multiple and conflicting definitions of biomass
- the capital expenditure needed for such a long-term investment
- the tax credits for power generated require selling the power to a third party

The pulp and paper industry in Oregon has weathered some tough times in the last twenty years including stricter environmental laws, increased foreign competition, loss of access to fiber supply, rapidly escalating energy costs and loss of jobs. Utilizing biomass to produce energy for our mill site would be a practical and environmentally-friendly solution to some of these problems. It also would help the economy in Oregon by creating family-wage jobs needed to revitalize communities devastated by unemployment.

In order for our mill site to consider such a huge investment, we need Congress to enact legislation so the following items are available:

- operating permits
- tax credits for generating green power

- government grants and no-interest loans for qualifying as a demonstration site
- long-term Forest Service contracts for biomass materials such as thinnings and salvage

I want to close by saying that our industry has worked very hard and spent billions of dollars to become an environmentally-friendly industry that provides good jobs and manufactures important products for everyone. With some help from Congress, we can utilize our resources to lower energy costs and ensure that our good jobs stay in America. Thank you for giving us the opportunity to share our concerns with your committee.

Supplemental page with follow-up address:

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