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The voice of Maine's forest economy

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MFPC Testimony in Support of LD 1202 An Act to Establish a Wood-fired Combined Heat and Power Program

April 15, 2021

Patrick Strauch, Executive Director

Senator Lawrence, Representative Berry, and distinguished members of the Energy, Utilities and Technology Committee, I am Patrick Strauch, executive director of the Maine Forest Products Council (MFPC), which represents more than 300 member companies with more than 33,000 direct and indirect jobs, and more than \$8.0 billion in economic contribution to the State of Maine.

MFPC strongly supports LD 1202 because the Wood-fired Combined Heat and Power Act is a good deal for everyone.

WOOD ENERGY

The Wood-fired Combined Heat and Power Act is modeled after the Community Renewable Energy Pilot program that stimulated investments in several sawmill CHP projects (Robbins Lumber in Searsmont, and Maine Woods Pellet Company in Athens.) Both of these facilities provide outlets for sawmill residuals and tree tops and limbs from harvesting operations.

Advantages of wood biomass electric power:

- Base-load power (available 24/7) that can supplement intermittent sources like solar and wind;
- Can be brought on-line and dispatched efficiently;
- High capacity value (90 percent) on concentrated locations;
- Combined Heat and Power technology matched to the scale of host facilities creates superior energy efficiencies;
- Projects are located at high electrical and thermal demand locations;
- Pricing is anticipated to be below net energy billed projects;

- A home grown energy source has multiplier effects for community benefits;
- The CHP platform will allow for the co-location of large heat users that will attract other wood manufacturing operations (e.g. biofuel manufacturers, engineered wood facilities and other heat-intensive industries.)

PROGRAM DESIGN

In the past wood energy has contributed to over 20 percent of the energy produced in Maine between pulp and paper mill, CHP and Stand-alone biomass boilers. Through advances in CHP technology, projects can be scaled to smaller facilities such as sawmills.

Details of the proposed program include:

- Limiting the overall allocation of power procurement to 50 MW (3 percent of Maine’s total energy demand).
- Regional projects will be from 3 to 10 MW in size.
- Fixed rate is established capped at the time of award based on the NEB tariff
- Terms of the power purchase and sale agreement would be for 20 years.
- Manufacturers will invest between \$30 and \$40 million in capital expense to build the facilities.
- On-going fuel expenses include fuel switching between in-house generated wood waste (bark, sawdust) and market supplied in-woods biomass valued at approximately \$14 million per year.

The program will be a partial solution to the market challenge that sawmill residuals pose and a collapse of the biomass industry, but it is part of a larger strategy to build wood markets through advancement of Maine’s forest bioeconomy.

It’s very important to the forest products industry to have a market for every part of a tree, including logs, pulpwood, biomass energy, bark, sawdust and slab wood chips. Without diversified markets, loggers can’t afford to make ends meet and wood supply to sawmills dwindles.

CLIMATE ACTION BENEFITS

The Legislature has directed the PUC to procure hundreds of megawatts of renewable energy through NEB programs and long term contracts, and the state will need to procure thousands of megawatts to supply the increased demand for electric vehicles and heating. This 50 MW of homegrown renewable energy is a small, but needed contribution to this

effort, and has wider benefits for the Maine economy at lower cost than the NEB program.

Maine is part of a regional closed loop of carbon cycling with emissions from wood energy combustion being offset by the carbon sequestration occurring in our forests and in the sinking of carbon in durable goods like sawn lumber and other building materials made in Maine. Substituting carbon intensive materials, such as concrete, steel and plastic, provides additional carbon savings. Maine currently offsets 60 percent of our petroleum emissions through forest tree growth. An additional 10 percent is captured in our wood products.

Within the Governor’s Climate Action Plan, **Recommendation 4** states:¹

“Maine sawmills and wood manufacturers, for example, have installed boilers to provide steam for drying lumber are increasingly investing in CHP facilities that also generate power from the same wood fuel source. Technological advances are allowing smaller facilities the ability to install efficient burner technologies. These opportunities establish greater efficiencies in wood-derived energy and provide markets for mill waste that might otherwise be landfilled and decompose. These same facilities see opportunities to use the CHP energy platform to refine wood into biofuel and biochar products that could also support further reductions in emissions. Maine should continue to support the growth of highly-efficient CHP facilities, including through the long-term contracting authority of the Maine Public Utilities Commission.”

LD 1202 provides a long-term, renewable, energy supply solution by using energy efficient CHP platforms supported by locally produced fuel.

We urge you to **vote ought to pass on LD 1202.**

Thank you.

¹ Maine won’t wait, Page 62. Encourage Highly Efficient Combined Heat and Power Facilities https://climatecouncil.maine.gov/future/sites/maine.gov.future/files/inline-files/MaineWontWait_December2020_printable_12.1.20.pdf