



Energy Promotion and Development Division, Department of Commerce

Report on Biomass to the EQC

September 10, 2009



Montana Bioenergy Workshop in Missoula

- In May, several state agencies and the Western Governors' Association hosted the workshop
- Funded by the U.S. Department of Energy, U.S. Department of Labor and the Energy Foundation. At the
- Participants developed a series of recommendations to both Governor Schweitzer and the Montana Legislature.

Recommendations

- Montana should promote:
 - Forest management to mitigate wildfire, insects and disease on both a state and national level.
 - Access to federal land is a significant barrier in northwestern
 - Bioenergy development must match the amount of material produced through environmentally sound, sustainable land management.

Recommendations

- Collaboratively developed proposals such as the Beaverhead-Deerlodge Partnership and Blackfoot Clearwater Stewardship Proposals, should be legislatively authorized.
- Support continuation of Stewardship Contracting Authority

Recommendations

- The scale of cellulosic ethanol plants eligible for federal support should be revised to include smaller scale facilities.
- These projects can be smaller to remain sustainable and avoid excessive haul distances, but can still be cost effective.

Develop a statewide, interagency bioenergy strategic plan that will:

- Quantify the state's biofuel potential resources and consider competing uses.
- Develop methods of enhancing supply assurance such as long-term contracts on state trust lands and/or assurance of supply in lieu of a tax credit and/or piloting projects.
- Recommend policies that account for the state's feedstock variability.

Develop a statewide, interagency bioenergy strategic plan that will:

- Identify cross-agency issues and opportunities to streamline the permitting process associated with new bio-energy projects.
- Take advantage of existing infrastructure such as existing transmission lines and opportunities for combined heat and power projects.

Develop a statewide, interagency bioenergy strategic plan that will:

- Promote biomass by co-firing wood or agricultural residue at existing energy generating facilities where technically feasible.
- Lead by example. With the 8,000 flex fuel vehicles as part of its fleet, the state can require that the vehicles that are capable of running on E85 do so when practical.

Revisiting biomass incentives in Montana

- Determine the potential import and export market for bioenergy and its byproducts.
- Account for water laws and potential restrictions.
- Explore various methods of supply assurance from long-term contracts on state trust land to assurance of state biomass supply in lieu of tax credits.

Revisiting biomass incentives in Montana

- The state should examine existing infrastructure for additional opportunities for combined heat and power (CHP) projects.
- The state Renewable Portfolio Standard should be revised to recognize and allow that the cost of renewable power will be higher in the short run than traditional sources.

Workshop Follow-up

An informal biomass working group has organized to look at biomass issues and advise the Department of Natural Resources and the state forester.

Biomass Energy Feasibility Study Grants

- The 2009 Legislature approved a \$475,000 appropriation in House Bill No. 645
- During the month of July, the department solicited grant request from applicants.
- Qualified applicants will be required to use the money to prepare feasibility studies focused on assessing the potential for the development of woody biomass generation plants in Montana.