

# Woody Biomass Energy Federal Issues & Legislation

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# Two Interest Areas

- Whether and how forest management & or waste is considered in climate change policy
  - Renewable Energy & Fuels Definitions
- Federal incentives & their impacts
  - Biomass Crop Assistance Program
  - Thermal energy standard
  - On-site electrical production
  - PTC parity

# Federal Forest Policy and State Opportunities

## Renewable Energy Standard (RES)

- S 536 Senator Wyden to amend the Clean Air Act to modify the definition of the term 'renewable biomass';
- S 523 Senator Tester to amend the Energy Policy Act of 2005 to establish pilot project offices to improve federal permit coordination for renewable energy;
- S 636 Senator Tester to amend the Clean Air Act to conform the definition of renewable biomass to the definition given the term in the 2002 Farm Bill;
- S 1462 Senator Bingaman 'American Clean Energy Leadership Act of 2009';
- HR 1111 Congressman Rehberg to promote as a renewable energy source the use of biomass removed from forest lands in connection with hazardous fuel reduction projects on certain federal lands;
- HR 1190 Congressman Herseth-Sandlin to promote the use of certain materials harvested from public lands in the production of renewable fuel; and
- HR 2454 Waxman-Markey 'American Clean Energy & Security Act of 2009'



# Biomass Crop Assistance Program

- 2008 Farm Bill – FSA/CCC
  - Support the establishment and production of certain crops for conversion to bio-energy in project areas
  - Assist with collection, harvest, storage, and transportation of eligible material for use in a biomass conversion facility
- Draft EIS – **comment due Sept 24<sup>th</sup>**

# Biomass Crop Assistance Program

- Cash incentives via CCC for biomass collection, harvest, storage, and transportation
- \$1 per \$1 up to \$45/dry ton for up to 2 years
- Qualified Conversion Facilities – NY, CA, MO, FL, AL, WI



# Biomass Crop Assistance Program

- Includes mill residues used for heat, energy, biofuels.
- Skews values causing concern for current residue users.
- Appears to allow a facility to be both a supplier and a qualified conversion facility.
- Likely not to result in long term increases in biomass utilization or renewable energy production.

# Thermal Energy Efficiency Act 2009



- S. 1621 introduced by Sen. Sanders and Merkley
- Would establish competitive grant program
- 75% for construction-15% engineering/feasibility
- Split between industrial/commercial & public projects
- District heating systems, CHP or recoverable waste energy projects
- Funded via emission allowances under cap & trade

# Appropriations

- House and Senate drafts include funding for Community Wood to Energy title in the 2008 Farm Bill.
- Modeled after “Fuels for Schools” 6-state initiative.
- Funding would support state level programs similar to DNRC’s.





# On-site Electrical Production

- H.R. 622 (Ways & Means)
- S. 870 (Finance)
- Amend 1986 IRS code to expand the tax credit for renewable energy production to include electricity produced from biomass for on-site use

# Producer Tax Credit Parity

- Biomass credit is about half wind & solar
- Pulp & paper has resisted change
- Currently moot due to 30% grant in lieu
- Would mean 1.5 cent per kwh price reduction for the same return
- Sen. Wyden proposal

# Thank You



# Federal Forest Policy and State Opportunities

## Climate Change & Adaptation

HR 2454 Waxman-Markey Subtitle E Adapting to Climate Change

- EPA distribute allowances to States and Tribes based on (1) population and (2) the ratio of each State's per capita income;
- Allowance proceeds deposited into the State Energy and Environmental Development (SEED) Funds and used to support State Climate Adaptation Plans;
- Each State must gain federal approval of its Plan within 2 years of enactment;
- State reporting and independent evaluation is required within 1 year of receiving allowances; and
- Establishes a fund in the Natural Resources Climate Change Adaptation Account in the Treasury to allocate percentages to States for adaptation activities.



# Federal Forest Policy and State Opportunities

## Climate Change & Adaptation

'Climate Change Safeguards for Natural Resource Conservation' – Senate 9/2009

- State Natural Resource Adaptation Plans within 1 year to access funds with 5 year updates;
- Establishes a 'Natural Resource Climate Change Adaptation Fund';
- Of Allowances sold, 38.5% shall be provided to states to carry out plans;
- 5% to the Secretary of Interior cooperative grant programs, i.e., Landowner Incentive Programs;
- 1/6 from LWCF shall be competitively allocated to States for natural resource adaptation plans;
- 1/6 Deposits in LWCF allocated to the Secretary of Agriculture available to States carry out adaptation plan activities through land acquisition under section 7 of the Cooperative Forestry Assistance Act of 1978; and
- National Forest and Grassland Adaptation ~ 5% shall be allocated to the USFS to fund adaptation activities carried out on State and private forestlands under the Cooperative Forestry Assistance Act of 1978.



# Western Governors' Association

## Forest Health Advisory Committee – Climate Change and Adaptation

- Identify current assessments;
- Develop mitigation strategies;
- Communicate and coordinate management organizations and efforts;
- Identify states with established climate change programs and coordinators;
- Assess current strategic planning for climate change/adaptation; and
- Overall objective “Trees and Forests are effectively included in climate change/adaptation policy in our nations”.



## Climate Change and Adaptation Working Group

- Determines the appropriate uses of climate adaptation modeling in informing natural resource and economic infrastructure planning and policies;
- Fills existing gaps in climate adaptation efforts within WGA;
- Reviews current and future climate legislation to assess the impact to state and their efforts to adapt to a changing climate;
- Reviews the current status and utility of climate adaptation modeling across forests, water, air and wildlife;

## Biomass Utilization

- Develop informational resource site;
- Asses number and where there are active state level efforts; and
- Provide regional coordination and tools for communication

# Federal Forest Policy and State Opportunities

## Western Climate Initiative

- Task 1 – Design Criteria ~ Essential Elements

- Definition of an Offset
- Real
- Additional
- Permanent
- Verifiable

- Task 3 – Offsets

- Forestry Protocols
- Agriculture Protocols
- Waste Wood Protocols

