



Testimony of

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**Before the Committee on Education and Cultural Affairs in Support of LD 570 –
Resolve, to Provide Information to Maine’s School Administrators and Maine
Communities About the Financial Advantages of Modern Wood Heating**

Thursday, March 2, 2023

Senator Rafferty, Representative Brennan and members of the Committee on Education and Cultural Affairs, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of Maine. The Professional Logging Contractors of Maine (PLC) is the voice of Maine’s logging and trucking industry. The PLC was formed in 1995 to represent independent contractors in a rapidly changing forest industry.

As of 2017, logging and trucking contractors in Maine employed over 3,900 people directly and were indirectly responsible for the creation of an additional 5,400 jobs. This employment and the investments that contractors make contributed \$620 million to the state’s economy. Our membership, which includes 200 contractor members and an additional 120 associate members, employs over half of the individuals who work in this industry and is also responsible for 80% of Maine’s annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in support of LD LD 570 – Resolve, to Provide Information to Maine’s School Administrators and Maine Communities About the Financial Advantages of Modern Wood Heating. We would also like to thank Senator Stewart, Senator Jackson and Representative Sampson for sponsoring this legislation.

As many on this Committee may know, from 2011 to 2020, Maine experienced the closure of six pulp and paper mills, if you include the Pixelle Mill in Jay, and the closure of two biomass electric facilities in Aroostook County. As a result, Maine lost 50 percent of its softwood pulp market and has also seen a four-million-ton reduction of biomass utilization.

Adding insult to injury, the impacts of the pandemic are also making a significant impact upon the forest products industry. Not only were there periodic market disruptions in 2020 and 2021, but we have seen inflation nearing 30-50% in the products and services that our members use. As a result, our prediction is that in the last three years, one third of the harvesting capacity in this state has been lost, with a reduction of at least 1,000 jobs.

As it relates to wood for energy production – electricity, heating and combined heat and power – is a critical part of Maine’s forest economy. In 2010, over 5 million tons of wood for the energy market were produced from Maine timber harvests, representing 25 percent of all timber volume. By 2016, the harvest of biomass had shrunk to 2.5 million tons and in 2021, it

was down to an all-time low of 1.5 million tons.

These lost markets have impacted the entire forest industry supply chain. Landowners have lost a market for low-grade stems and harvest residues (e.g., tops and branches). In 2010, Maine landowners received an estimated \$11.9 million in stumpage payments for biomass; by 2016 this figure had declined by two-thirds, to \$3.8 million and today it is less than \$2 million.

Loggers and truckers have suffered even more from the erosion of this market. In 2010 there was \$90.5 million in economic activity associated with logging and trucking of biomass fuel; in 2016 this had shrunk to \$48.2 million and today it is less than \$30 million.

The good news is that the Legislature has tried to help and is no stranger to promoting wood for energy, including legislation that passed this Committee in the recent past. In 2019, LD 375 – An Act to Promote the Forest Products Industry in School Construction and Renovation Involving Heating Systems, which was also sponsored by Senator Stewart, received unanimous support from this Committee and was signed by the Governor.

In 2021, LD 597 – An Act to Establish the Thermal Energy Investment Program, which provides a unique way to incentivize the installation of wood energy systems, sponsored by Senator Jackson, also passed the Legislature and was signed into law.

As a result of these two pieces of legislation, we have created a great opportunity for schools, businesses, and the public to consider the installation of wood energy systems, without a lot of sacrifice. Unfortunately, the issue is not necessarily legislation, but information. We need to ensure that schools and the public know and understand the benefits and the costs to install, maintain and operate new wood energy systems. Without information, they cannot make educated decisions that could save them thousands of dollars and help their local economy at the same time.

There are currently, thanks in large part to federal funds made available from 2010-13, over 100 Maine schools, hospitals, municipal buildings, and business firms that are now heated with wood pellets or chips. According to a third-party study submitted to Maine's Wood Energy Team (attached), these heating installations in 2017 saved \$5.5 million in heating costs and put \$6.5 million into local economies in Maine. Additionally, almost all of the schools in Maine using modern wood heat were contacted for the survey. The vast majority indicated a very high degree of satisfaction with their heating system, and they were very enthusiastic because they felt their systems were providing a great example to the larger community by providing forest jobs to Maine workers, as opposed to buying fuel originating from far away.

As you consider this bill, please do so through lens that public policy should serve the greatest number for the greatest good. We can achieve this goal and provide not only economic benefits, but educational, environmental and social benefits as well through the legislation that the Legislature has moved forward. We can also use this philosophy to build an economy that transcends time and economic challenges and provides a roadmap for prosperity in rural Maine.

We are hopeful that you agree with our sentiment and believe that this Resolve can help move the needle, help our economy, help our schools and help our communities. Thank you for the opportunity to provide the opinion of our membership before you today and I would be happy to answer any questions you may have.