



Testimony of

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**Before the Joint Standing Committee on Energy, Utilities and Technology on LD
1619, Resolve, to Establish a Commission to Study Pathways for Creating a
Thermal Energy Networks Program in Maine**

Thursday, April 24, 2025

Senator Lawrence, Representative Sachs, and members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of the Northeast (PLC). The PLC is a regional educational non-profit organization that represents logging and associated trucking contractors throughout the Northeast, predominately in the state of Maine.

As background, the PLC was created in 1995 to give logging and associated trucking contractors a voice in a rapidly changing forest products industry. As of 2021, logging and trucking contractors in Maine employed over 3,000 people directly and were indirectly responsible for the creation of an additional 2,500 jobs. This employment and the investments that contractors make contributed \$582 million to the state's economy. Our membership, which includes over 200 contractor members in the state of Maine and an additional 125 associate members, is responsible for more than 80% of Maine's annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in conditional support of LD 1619, Resolve, to Establish a Commission to Study Pathways for Creating a Thermal Energy Networks Program in Maine. The legislation would create a working group to assess the feasibility of thermal energy networks for residential, commercial, and industrial sectors in Maine. While we appreciate the sponsor's interest in moving this forward, we want to ensure that this working group focuses on more than integration with heat pumps. We respectfully request that the bill be amended to provide for the same consideration be given to district heating using wood and that membership of the work group is expanded to include individuals with experience and expertise regarding biomass district heating technology.

Maine needs to do a better job of championing ALL clean energy options. Wood has proven time and time again to be a reliable source for thermal energy production. From our perspective, wood energy should play a pivotal role in Maine's pathway to reduce its reliance upon fossil fuels and achieve carbon neutrality.

Wood based heating systems are generally more cost effective and relatively uncomplicated

technology when they are applied in district heating situations. In Maine, wood and biomass are readily available, and the dollars spent on them circulate directly throughout our state economy. At the same time, harvesting this renewable resource supports Maine jobs, rural communities, and the consumption of low-value wood, which Maine's Department of Environmental Protection deemed carbon neutral.

In 2016, the Legislature supported LD 1693, Resolve, Establishing the Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry. This Commission's charge was to study the use of biomass in a thoughtful and meaningful way with the intent to creating a long-term roadmap at a critical point in time.

This commission looked at biomass from a very broad perspective, not just with respect to harvest residuals for electric generation, but also at the entire value chain, to understand the relationships and the impacts. The commission learned that biomass is more than just a byproduct from harvesting, it is also sawmill and manufacturing residuals, pellets and it is also not just an asset, but an opportunity.

The Commission published its report in 2016, with five broad goals and 15 recommendations. Recommendation 2.2 and 2.3 state specifically that Maine should provide greater financial resources to incentivize conversions to wood based thermal and power systems. The commission considered these to be important recommendations because they could provide long term cost savings as well as environmental and educational benefits.

The executive summary of the final report is attached and the work that the Biomass Commission did in 2016 has become very important as a basis for implementing sound policy. It helped create a thermal renewable portfolio standard (RPS) as part of the RPS reform that this committee moved forward in 2019.

It is firmly established that modern wood energy systems, after installation, save taxpayers large amounts of money which otherwise would be spent on fossil fuels. Put simply, instead of spending \$745 million on heating with fossil fuels in the state and exporting over \$581 million of that to other states and countries before the fuel is consumed, a larger share of that money should stay circulating within the state's economy and provide greater benefits than just warmth. Leadership for this commonsense solution should come from this committee.

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.

Instead of limiting the focus of this working group to an emphasis on heat pump technology, let's take advantage of resources already available here in Maine. Vermont utilizes district

heating for the state capitol building and other state facilities in downtown Montpelier. As a result of their investments, they were able to replace around 300,000 gallons of oil per year and drastically lower air emissions. Examples like this exist in the northeast and it would be very appropriate for this working group to investigate them. Wood and biomass district heating could be a game changer in our fight against climate change and provide an important boost to Maine's rural economy.

Thank you for your time and consideration. Please consider including wood heating to this legislation and support Maine's forest products industry.

I would be happy to answer any questions you might have.



**STATE OF MAINE
127th LEGISLATURE
SECOND REGULAR SESSION**

**Final Report of the Commission to Study the
Economic, Environmental and Energy Benefits of the
Maine Biomass Industry**

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Executive Summary

The 127th Maine Legislature established the Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry (referred to in this report as the “commission”) with the passage of Resolve 2015, chapter 85. Pursuant to the resolve, 13 members were appointed to the commission: two members from the Maine Senate, three members from the Maine House of Representatives, a commercial wood harvester who supplies biomass, a representative of the biomass electric industry, a representative of a sawmill located in Maine, a scientist from the University of Maine who studies forest health and silviculture, a representative of a conservation organization, a representative of a pulp and paper manufacturer located in Maine, a representative of commercial timber holdings in Maine, and a representative of a business that uses biomass for thermal generation or cogeneration or an expert in the use of biomass energy for thermal generation or cogeneration.

The resolve set forth the following duties for the commission:

- Review and evaluate the economic, environmental and energy benefits of Maine’s biomass resources, as well as public policy and economic proposals to create and maintain a sustainable future for the Maine biomass industry;
- Consider the interconnection of economic markets for biomass and forest products and the energy policy of the State;
- Consider whether the environmental, economic and energy benefits of biomass support updating the State’s energy policy to strengthen and increase the role that biomass and the forest products industry play throughout the State;
- Consider the costs of implementing any recommendations and the effect of leaving current policies in place; and
- Examine any other issues to further the purposes of the study.

In addition, the commission was required to seek public input and to consult and collaborate with stakeholders and experts in the fields of economic development, natural resources and energy policy. The commission is required to submit a report, with findings and recommendations, including suggested legislation, to the Joint Standing Committee on Energy, Utilities and Technology and the Joint Standing Committee on Agriculture, Conservation and Forestry in December 2016.

Over the course of five meetings the commission received presentations from stakeholders, in-state and out-of-state utility regulators, state office representatives, subject matter experts, and visited a logging operation, sawmill, biomass facility and combined heat and power (CHP) facility.

With this information and through several discussions the commission developed five broad goals, and 15 recommendations to increase support for Maine’s biomass industry (Appendix E). The commission developed the following broad goals:

- Encourage investment in biomass facilities and promote greater efficiency;

- Encourage investments in combined heat and power systems to promote efficiency;
- Enable and encourage co-location and other innovative projects utilizing behind-the-meter technologies to incentivize manufacturing growth and increase system reliability;
- Promote and develop Maine's forest-related resources in-state and abroad and take advantage of federal grant funding and other collaborative efforts to bolster the forest-based economy in Maine; and
- Create state policies that encourage biomass energy production and heating with biomass.

The commission developed the following recommendations to assist and encourage further investment in the biomass industry:

- Amend the renewable portfolio standards by creating a thermal class to incentivize increased efficient biomass use for thermal;
- Amend the renewable portfolio standards to explicitly extend new renewable capacity resource portfolio requirements beyond 2017;
- Create an addition under the renewable portfolio standards that provides incentives for facilities that create in-state jobs and economic benefits;
- Offer incentives through Efficiency Maine Trust or other avenues to those converting to combined heat and power (CHP) systems;
- Incentivize schools and other public institutions to convert to CHP systems;
- Provide greater flexibility in the establishment of back-up and standby charges in order to alleviate the burden for large energy users who are seeking to use alternative systems to lower their energy costs and lessen their demand on the transmission system;
- Amend existing laws to explicitly allow microgrids statewide;
- Amend existing law regarding permitting of electrical lines, including poles and other related structures in, upon, along, over, across or under a road, street or other public way for persons other than transmission and distribution utilities;
- Amend existing law, or encourage the Public Utilities Commission through rulemaking, to increase the cap on installed capacity of a jointly owned generating facility under "shared ownership" net energy billing, as well as eliminate the cap of 10 accounts or meters for net energy billing;
- Review the federal Economic Development Assessment Team's final report on Maine's forest economy and a final report on biomass energy under the auspices of the Governor's Energy Office to avoid duplicative efforts and to take advantage of collaborative efforts to address Maine's issues with its forest-based economy;
- Encourage the Maine Forest Service to support efforts toward fostering growth and innovation across Maine's forest products industry, including full utilization of recently awarded grants from the U.S. Department of Agriculture (USDA) for a State Wood Energy Assistance Team and the "Strengthening and Expanding Maine Wood Markets" project;
- Establish a program similar to the "Get Real. Get Maine!" campaign to encourage the use of Maine wood energy among residents to heat their homes, businesses and public institutions and to promote local forest products locally, nationally and globally;
- Provide funding, through bonds and tax incentives, for research and development of new wood-based technologies and to get these new technologies from the incubator phase into the marketplace;

- Through statutory changes, categorize biomass-derived carbon dioxide emissions as carbon neutral and exempt from regulation under certain air pollution laws; and
- Encourage the Governor's Energy Office to make biomass a more focused, greater priority in Maine's Comprehensive Energy Plan.

In making its recommendations, the commission ensured that its recommendations addressed the biomass industry as a whole and did not just focus on energy production. The commission through its recommendations hopes to diversify the biomass industry, encourage more in-state investment and provide more stability to the industry.

Modern Wood Heat: Local Renewable Energy for Commercial and Institutional Building Owners

Benefits to Maine in 2017

Economic Benefits

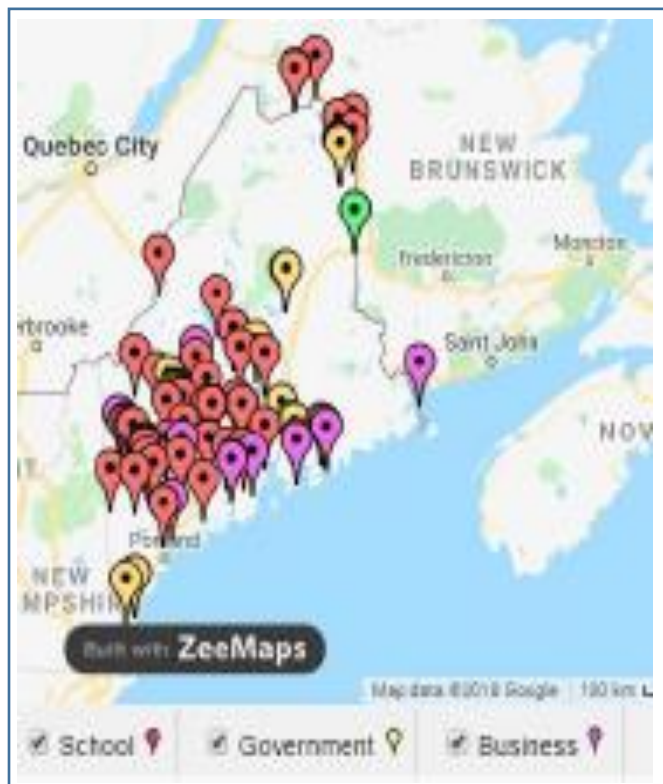
\$5.5 million saved in heating costs

\$6.3 million direct spending on local wood pellets and chips

\$20.6 million in total economic benefit to Maine

Proven Reliability

At least 106 public and private buildings stay warm with
Maine-produced wood pellet and wood chip fuels



See interactive map of installed wood
energy systems in Maine at
www.woodheatmaine.org

**106 commercial, institutional and
small industrial sites were analyzed for
this economic impact study.** The map
and link above provide detailed
information on each site, coded as
follows:

- B** business
- S** school
- H** hospital
- G** government (state, county,
municipal)

More being added all the time!

Please flip the page to see the full story!

The Full Story

By using sustainably sourced wood chips and wood pellets instead of fossil fuels to heat commercial and institutional buildings, Maine benefits economically and environmentally.



Proven: In 2017, more than 106 Maine schools, hospitals, municipal buildings, and businesses used modern wood chip and pellet heating instead of imported fossil heating fuels.



Local: These facilities consumed an estimated 19,000 tons of pellets and 45,000 tons of wood chips, nearly all from Maine forests and wood manufacturing residues.



Renewable: Nearly all these facilities burned imported heating oil in the past. By switching to modern wood heating they reduced oil use by the equivalent of 5.2 million gallons.



Cost Effective: By switching fuels, these facilities saved about \$5.5 million in heating costs, based on heating oil at \$2.25/gallon.



Beneficial: Money spent on wood chips and pellets pumped \$6.3 million into the local economy.



Powerful: Direct spending on wood fuels, combined with retained wealth through heat cost savings and jobs and taxes associated with this sector generated an estimated \$20.6 million in economic activity in Maine.



Carbon Better: Reducing use of high carbon fossil fuels and using low carbon wood chips and pellets from sustainable sources instead reduced overall carbon dioxide emissions.

Analysis by Maine Statewide Wood Energy Assistance Team — data and calculations available upon request

Key Assumptions in Analysis

Moisture Content	Bone dry wood at 0% moisture content = 4.9 MWH per ton energy content; Chips at 45% moisture content = 2.9 MWH/ton; pellets at 4% moisture content = 4.7 MWH/ton.
Fuel Cost	Green chips delivered price/ton = \$55/ton; bulk pellets delivered price/ton = \$200/ton average
Energy Equivalents	1 MWH = 3,412,000 BTU; 1 Gallon #2 Heating Oil = 138,500 BTU
Savings Calculation	Heat cost savings vs. oil calculated by using heating oil at \$2.25/gallon
Economic Impact Calculation	Total Economic Impact = (\$ spent on fuel + heat cost savings) x multiplier of 1.76 (multiplier per <u>Economic Impact of Maine's Forest Products Industry</u> , 2014 and 2016; June 30, 2016; James Anderson III and Mindy Crandall PhD; School of Forest Resources, University of Maine

2018 Maine Statewide Wood Energy Assistance Team, Maine Forest Service

www.woodheatmaine.org