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### **In Support of LD 597, An Act to Establish the Wood Energy Investment Program**

Senator Lawrence, Representative Berry, and Members of the Energy, Utilities, and Technology Committee:

The Maine Pellet Fuels Association is a standard trade association. Our members include Maine's four wood pellet manufacturing plants, located in Ashland, Athens, Sanford, and Strong; the pellet boiler assembly plant in Bethel which is the national distributor for a leading European firm, and pellet retailers, equipment installers, and other suppliers and supporters of Maine's successful modern wood heat industry.

Equally important, our pellet manufacturers are an important purchaser of low grade wood and thereby a vital component of Maine's forest products industry.

As veteran members of members of this Committee have recognized and supported, particularly with the previous Legislature's creation of Renewable Energy Credits for generation of **heat** through renewable fuels, **modern wood heat works**. Heating with wood pellets and chips is ideally suited for Maine, with our forest acreage **increasing** every year, while we remain heavy users of imported fossil fuels.

But like virtually any new technology, modern wood heating initially succeeds only when provided with incentives, such as the 30% federal tax credit granted years ago for solar, wind, geothermal, and other "disruptive" energy systems. A dozen years ago, using federal economic recovery funds, the Maine Forest Service provided millions of dollars to install modern wood heating in about 20 public buildings in Maine. Two years ago, the Maine Forest Service commissioned a task force (of which I was a member) to go back and survey the operators of these heating facilities, along with 60 other modern wood heat users. **The response was overwhelmingly favorable, and indeed one of surprise: "Why are you calling? Our system works just fine!"**

This Wood Energy team also came across a number of potential new installers of wood pellet or wood chip heating. These potential installers ranged from UMaine Presque Isle and Northern Maine Community College—interested in expanding their existing wood heating systems—to a hospital, an assisted living facility, a large farm, a town office, and a major Maine correctional facility. **These are the types of facilities which stand to directly benefit from the Thermal REC program enacted, thanks to leadership from this Committee, by the previous Legislature.**



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New Hampshire's experience with Thermal RECs, established as first-in-the-nation in 2012, shows that this system works, now generating \$1.6 million a year in payments to biomass system operators, thereby reducing their heating costs by between 30 and 70%.

LD 597 is designed to assure that **all the Alternative Compliance Payments** generated by wood energy Thermal RECs go to support wood energy sector projects. This is only fair and logical. The barrier to expansion of modern wood heating is the initial capital required for the heating equipment. The Wood Energy Investment Fund will be able to assist with such funding. The definition of projects eligible for Wood Energy Investment Fund support is broad, and includes co-generation projects and projects using biofuels. Administration of the fund rests with Efficiency Maine.

We believe that the challenges addressed by Maine's Climate Council and the uncertainties and occasional setbacks which will inevitably arise merit this committee and the Maine Legislature taking an "All of the Above" approach to renewable energy. LD 597 provides sustainable support for Maine's forest-based renewable energy without seeking taxpayer dollars.

*William Bell*  
Executive Director