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GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



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Testimony Of: Charlotte Mace
LD 1202 An Act To Establish a Wood-fired Combined Heat and Power Program
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Senator Lawrence, Representative Berry, and Members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Charlotte Mace and I am the Director of the Office of Business Development for the Department of Economic and Community Development. I am submitting written testimony in general support of the concept of L.D. 1202.

Maine's forest industry must diversify in order to achieve long-term sustainability. Each link in the forest industry supply chain agrees on this – landowners, loggers, truckers, mill owners, and manufacturers of wood products. The industry needs more diversity in products to weather economic downturns that can have drastic effects. Mills in Maine have already been successful in diversifying – shifting away from products with declining global demand and shifting towards products with rising global demand.

Maine's 10-year Economic Development Strategy prioritizes this diversification and establishes specific goals for increased innovation in our heritage industries.

But in order to achieve industry diversification and innovation we MUST pursue markets for low-grade wood residuals. Without homes for the wood residue that is left behind after the saw logs are cut and after the pulp wood is turned into packaging, forest industry companies are less productive and less profitable. Without markets for sawmill residuals and low-quality "biomass" grade wood, our sawmills, pulp mills, and manufacturers won't be as successful. Additionally, our loggers and truckers will continue to suffer as well.

Combined heat and power (CHP) wood-fueled units offer an energy-efficient and sustainable way to use low-quality wood residues to create power. This model has been successfully implemented around the State – from Robbins Lumber in Searsmont to Colby College in Waterville.

We support diversification, innovation, and supporting our forest industry along the entire value chain, however, the department would defer to the Governor's Energy Office on the energy/electricity impacts of the potential program.

Thank you.