



Innovative Natural Resource Solutions LLC

63 Federal Street, Suite 5, Portland, Maine 04101

Phone 207-233-9910, www.inrsllc.com

Testimony in Support of LD 1202

An Act to Establish a Wood-fired Combined Heat and Power Program

April 15, 2021

Senator Lawrence, Representative Berry, and distinguished members of the Energy, Utilities and Technology Committee, I am Eric Kingsley, a partner in the firm Innovative Natural Resource Solutions LLC (INRS). I work with the forest industries across Maine and across the country on issues of sustainability, renewable energy, and economic viability.

I am speaking to you in strong support of LD 1202, because it is good for Maine's economy, environment, and energy future.

This legislation calls for the development of wood-fired combined heat and power plants at Maine forest industries. This represents an opportunity to support Maine forest manufacturing while procuring renewable energy, providing a host of benefits:

- The procurement of renewable, baseload electricity that is available on a non-intermittent, 24/7 basis;
- Support for existing Maine forest industries by encouraging the development of efficient combined heat and power, providing the opportunity for expanded use of process and space heat, as well as the displacement of fossil fuels;
- The development of sites for co-location of large heat and steam users – thus providing incentives for attracting biofuel manufacturers, engineered wood facilities, agricultural producers (e.g., greenhouses) and other heat-intensive industries;
- Power sold to the grid at a rate favorable to Maine's existing net energy billing rates.

In addition to supporting a diversification of renewable energy, this bill supports forest industries. With the loss of markets for sawmill residuals (chips, sawdust and bark) because of the closure of pulp and paper mills and biomass plants, sawmills are rightly concerned about their continued ability to be able to get rid of

their byproducts. This concern is not new, but has become increasingly critical with the loss of the mill in Jay to an explosion. As noted in work my firm conducted on behalf of the FOR/Maine effort in 2018:

“When sawmills produce lumber, they do so by sawing boards out of a log, removing everything that isn’t lumber. In doing so, the manufacturing process produce residues – chips, sawdust and bark. Every mill is unique, but a decent rule of thumb is for every thousand board feet of lumber produced, two tons of residues are produced—one ton of clean chips, and another ton of bark and sawdust. Maine’s annual sawmill production is roughly 800 million board feet (MMBF), which means roughly 800,000 tons of mill chips and another 800,000 tons of sawdust and bark are produced annually.

Sawmill chips, which are made from slabs sawn from debarked logs, are generally sold to paper mills. This has become more difficult over the past several years, as pulp mills have closed and markets for mill chips have shrunk. Softwood mills (both spruce-fir and white pine) in Maine and across New England have expressed significant concern about continued access to markets for clean mill chips, and are very concerned that the loss of another pulp mill could leave many sawmills without an outlet for chips...

At present, at least 20 mills provide wood fuel to stand-alone biomass power plants, and in conversations with mill managers, several mills have indicated that biomass plants are critical to the continued profitable operation of sawmills in parts of Maine. While this has long been true to some extent, the importance of biomass markets has increased as other markets (notably pulp mills and the boilers that powered them) have closed while sawmills have simultaneously seen increasing markets – and therefore are producing increasing volumes of residues.

For decades, a competitive advantage of Maine sawmills has been their ability to move their residues at attractive prices. That advantage has certainly shrunk, and there is concern that it might vanish with further loss of markets that utilize residues. Such a competitive disadvantage could threaten some of the nearly 2,000 jobs – representing \$85 million in payroll

– that Maine sawmills provide. Importantly, most of these jobs are in rural areas, where there may be limited alternative employment opportunities.”¹

Passage of this legislation will support Maine forest industry jobs – a critical component of the rural economy – and support the entire forest industry supply chain, including landowners, loggers, truckers and mills. At the same time, it will help Maine meet its ambitious commitment to renewable energy in a manner that utilizes one of the state’s natural resources in an efficient and cost-effective manner.

This legislation supports procurement of renewable power to meet the Climate Action Plan. The Legislature has directed the Public Utilities Commission to procure hundreds of megawatts of renewable energy through Net Energy Billing (NEB) programs and long term contracts, and the state will need to procure even more to supply the increased demand for electric vehicles and heating. This 50 megawatts of homegrown, renewable energy is a small but needed contribution to this effort, and has wider benefits for the Maine economy at lower cost than the NEB program.

Maine’s forest industry is rightly concerned about the future of markets for sawmill residuals and biomass. By supporting this legislation, you will be supporting our rural economies and the state’s commitment to renewable energy.

Thank you.

A handwritten signature in black ink, appearing to read "Eric Kingsley". The signature is fluid and cursive, with a large initial "E" and "K".

Eric Kingsley
kingsley@inrslc.com

¹ Innovative Natural Resource Solutions LLC and Meister Consultants Group. *Forest Opportunity Roadmap / Maine: Wood Energy*. March 2018. <http://formaine.org/wp-content/uploads/2020/09/FOR-Maine-Wood-Energy-final-9-2018.pdf>