



**Testimony of
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Before the Joint Standing Committee on Labor and Housing, In Opposition to LD 1969, An Act Concerning Equity in Renewable Energy Projects and Workforce Development

Monday, February 28, 2022

Senator Daughtry, Representative Sylvester and members of the Joint Standing Committee on Labor and Housing, 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 a trade association that represents logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to give independent contractors a voice 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 100 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 opposition to LD 1969, An Act Concerning Equity in Renewable Energy Projects and Workforce Development. Unfortunately, other than a few words in the bill title, this bill is essentially no different than LD 1231, An Act Concerning Climate and Community Investment Projects, that was heard and subsequently retired in the 1st session of the 130th Legislature. While we respect the sponsor's intent, this bite at the apple will also not help motivate investors to build new renewable projects in Maine, especially new wood energy projects.

As I have stated in previous testimony, the PLC and our membership are in full support of any legislation that might come before you this session if it will facilitate development of new renewable modern wood heat and power projects that could positively impact the management of Maine's forests, provide new markets for our members, and contribute positively to our climate. Unfortunately, LD 1969 will not do that.

The forest products industry in Maine was in the midst of a reinvention process until the onset of COVID 19 and the digester explosion at the Jay mill in April 2020. From 2011 to 2016, Maine experienced the closure of five pulp and paper mills and the periodic idling of two wood energy electric facilities. As a result, Maine lost 50 percent of its softwood pulp market and has also seen a two-million-ton reduction of biomass utilization. Between 2014 and 2016, the total economic impact of the forest products industry fell from \$9.8 billion to \$8.5 billion, and more than 5,000 jobs were lost.

However, from 2017-19, there has been positive progress as over \$1 billion of new investment in manufacturing upgrades were announced with new markets for cross laminated timber and insulation made out of wood.

As a result of mill closures and curtailments due to COVID 19, it has led to a 30% reduction in harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling. This means that over 11,000 truckloads of wood were not delivered to a Maine mill in 2020. Further, for an industry that is responsible for over \$620 million of direct economic impact each year, it has led to a direct loss of over \$186 million of economic activity as a result.

Making a bad situation worse, last week, the PLC released results of a [survey](#) of its members showing Maine logging companies have seen cost increases averaging 24 percent for parts, equipment, services, and fuel since January 2020.

The PLC asked members to report their increase in costs for 20 goods and services that are vital to logging operations over the period of January 2020 to January 2022. Loggers reported increases ranging from 17-30 percent, with truck and equipment insurance the lowest at 17 percent while oil and lubricants saw the highest increase at 30 percent. Many of the costliest items on the list including heavy equipment tires rose 24-26 percent in cost.

The logging industry cost increases far exceeded an average 8.4 percent increase in costs for American consumers over the same period, [7.5 percent in 2021](#) and [1.4 percent in 2020](#).

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, 3.7 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 is now down to an all-time low of 1.5 million tons.

These markets did not go away because the cost of labor was too low or because contractors and their employees forced markets to leave. These markets went away because energy is a competitive marketplace where cost matters. If this bill becomes law, it will effectively kill any new projects before they get off the drawing board because of high risk and mandated labor agreements which eliminate competition, awarding contracts based not upon your reputation and the work you do at a competitive price, but based upon a project labor agreement.

In 2019, a thermal renewable portfolio standard (RPS) was created in Maine, the third such program in New England, as part of the RPS reform that this committee moved forward. This legislation introduced opportunities for new wood energy projects to enter the marketplace based upon competitive pricing and a financial modeling program built upon long-term contractual commitments and renewable energy credits. If this legislation goes into effect after the fact, it will put this entire system in chaos as it will effectively drive up previously modeled project costs, take away financial certainty and devalue renewable energy credits because the market will not have certainty that it can bank on. If there is one thing that kills projects, it is uncertainty and risk.

Finally, you might ask why our organization is strongly in opposition to this bill since our membership is not directly impacted by a project labor agreement for the construction of a new facility. I would answer that by saying that we are strongly opposed because this legislation will have unintended consequences that go far beyond project labor agreements. If wood energy projects are put at risk because of a labor mandate, then so are the jobs in logging and trucking as a result. If a project isn’t built because of this legislation, then no additional wood needs to be harvested or trucked in the future and no additional jobs might be retained or added in the future. If that’s the unintended consequence, than it’s easy to see why we are opposed to this legislation.

Again, we are respectful of the sponsor, however this is not a productive piece of legislation and further, this is no time to add cost and burden to an already strained small business community. I encourage you to vote ought not to pass on LD 1969 and I would be happy to answer any questions you might have.