

Montana's Forest Biomass: State Legislative and Policy Initiatives



*Making Wood Work Conference
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Program History

- Entirely federally funded through the Economic Action Program -- \$4.2 million since 2004
- Focus of program -- establish demonstration sites with grant support, and then phase out grants over time, as biomass heat becomes market driven.
- 11 projects completed or in the works – each receiving \$118,000 to \$400,000 of grant support
- Federal funding ended in FFY 2006



Current Barriers to Forest Biomass Utilization

- Only a portion of slash wood waste is economically recoverable
- Processing and delivery of wood waste is expensive
- Delivery costs limit the distance wood fuel can be cost effectively transported
- Rates end users pay generally only cover costs of processing and delivering -- not for the raw material
- High capital investment required for biomass system conversions and uncertainty about future fuel prices

Potential Solutions

- Secure funding to maintain state-based program and develop incentive-based solutions
- Have powerful long-term legislators that sit on Congressional appropriations committees
- Develop diverse and innovative opportunities to build support for biomass utilization
- Use pilot projects to demonstrate on-the-ground success.
- Tell the story in many different ways.

Governor's Energy Policy

- Governor promoting “clean and green” energy and renewable energy development in Montana
- Developed comprehensive list of forest biomass policy and legislative options.
- Result was \$500K over biennium to continue state biomass energy program
- Change in focus -- continue state coordinator position; expand the program to increase research, public education, and outreach; offer smaller financial assistance program to provide loans for biomass supply equipment (e.g., chippers).

Climate Change Advisory Council

- Over 29 states have completed or are working on action plans for GHG mitigation.
- In December 2005, Governor directed DEQ to establish working group to oversee GHG inventory and develop mitigation recommendations.
- Final recommendations will be delivered to the Governor's office in very near future.

<http://www.mtclimatechange.us>

GHG Inventory Results

- In 2005, Montana had approximately 37 million metric tons of carbon dioxide equivalent emissions -- 0.6% of total U.S. GHG emissions.
- Montana's forests are net sinks for GHG emissions -- offsetting emissions by 62%.
- Conclusion – Forestry has major role in reducing Montana's carbon footprint

Biomass GHG Mitigation Options

- Six forestry related mitigation options
- Two focused on increasing the use of forest and agricultural biomass:
 - Increase the use of woody biomass residue for renewable electricity, heat and steam generation by 450,000 tons/year by 2020; increase to 540,000 dry tons of agricultural residues.
 - Increasing in-state production levels of cellulosic-based ethanol by 50 million gallons per year by 2020.

Implementation options

- Require consideration of renewable resource systems (including biomass heat/energy) in all new state building constructions/renovations
- Tax incentives to reduce the capital costs of biomass energy production and transport
- Establish utility “buyback rates” for biomass derived energy
- Expand/develop renewable energy tax credits for smaller distributed biomass generation.
- Revise air quality permits and local ordinances to discourage open burning.

... and many more



Future Efforts

- Demonstrate success in our program and seek permanent state funding in '09 session
- Continue to press for implementation of biomass options through energy policy and state climate change plan
- Support federal legislative efforts aimed at incentivizing biomass utilization (e.g., farm bill, energy policy)
- Focus on: supply + demand = success



Questions ??