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PRODUCER ELIGIBILITY AND THE 2007 ENERGY BILL: WESTERN IMPACTS

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Testimony of Arthur 'Butch' Blazer, New Mexico State Forester
Representing the Council of Western State Foresters

Mr. Chairman, Ranking Member, Members of the Committee, I appreciate the opportunity to speak with you about this issue of great importance to the Western United States and my State of New Mexico. I am Arthur 'Butch' Blazer, New Mexico State Forester and Executive member of the Council of Western State Foresters (CWSF) as well as the National Association of State Foresters. I am representing the Council of Western State Foresters today. The Council is comprised of 17 western State Foresters and six western Territorial Island Foresters. The Council's mission is to ensure the sustainability and health of western forests to meet today's needs and the needs of future generations.

It is this mission that has compelled me to testify before you on the impact of the 2007 Energy Bill's definition of renewable biomass within the Renewable Fuel Standard (RFS) goal section of the bill. There are concerns that the current definition is not sustainable, meaning ecologically, economically and socially sustainable. As a member of the Western Council and National Association, I am uniquely qualified to address this issue that is on the minds of so many of my peer state foresters. I represent a diverse group of government foresters and resource managers who are responsible for the forest management and to the people of their state or island.

There are many forest and economic health facets involved in this issue. As a representative of the Western Council, I will highlight the western concerns on this issue. However, I also want to inform the Committee that we are also concerned with

the national implications for private lands and plantations that will be addressed by other witnesses today.

Congress took up the issue of energy security for our Country in the 2007 Energy Bill and spent many months holding hearings and receiving testimony on the importance of this issue as well as the many materials that must be integrated into the final version of a successful bill. The renewable fuel standard section of the 2007 Energy bill that was marked-up and approved by the jurisdictional committees was a solid draft and contained a workable definition for woody biomass. However, a last minute change to the definition of 'renewable biomass' changed the bill in a significant manner.

The 2007 Energy Security and Independence Bill signed by the President now includes an overly-restrictive definition of renewable biomass that has created unfortunate consequences for the implementation of a sustainable resource management strategy consistent with the purposes of the bill itself. The revision was advocated by groups based on philosophies of old that result in broad, generalizing mandates that hinder our ability to restore forests, capture carbon from the atmosphere, provide clean air and water, and sustain healthy, vibrant communities.

According to the report, *A Strategic Assessment of Forest Biomass and Fuel Reduction Treatments in Western States**, in the west there are at least 28 million acres of forest that could benefit from reducing hazardous fuels. Implementation of any significant, sustainable effort would generate large volumes of biomass and create jobs in the

West. A new way of forestry and business has emerged, one that addresses the forest health issues, wildland fire, renewable energy, as well the potential for community investment and landscape-scale restoration opportunities.

As currently codified, the definition for 'renewable biomass' stipulates the conditions wherein woody biomass on federal and non-federal lands may be used as a resource for the production of biofuels. The revised, and subsequently adopted, definition of 'renewable biomass' restricts the source and type of wood that can be counted towards the Renewable Fuel Standard goal in part by restricting use of woody materials from federal lands. The definition of renewable biomass specifies that federal lands, particularly the National Forest System lands, are excluded from the definition of 'renewable biomass', unless they are in the immediate vicinity of communities, thereby drastically and practically eliminating the opportunity to use biomass for the production of biofuels that can count towards the law's 36-billion gallon goal for renewable fuels. Considering the vast federal land ownership in the west, a definition that limits biomass in such a way unfairly hamstring the west and puts us at an economic disadvantage to establish bio-based industries that can help with so many of our nation's ills. This will adversely impact significant forested ecosystems especially as our climate gets warmer, fuel loads increase and the publicly-funded budgets to undertake needed work, such as reducing hazardous fuels, shrink. This is not a sustainable scenario. We must invest in our forests and communities and not lock them up.

The definition, as currently written, is a problem because it artificially delineates what is eligible for the usage of woody biomass from many sources including both private and public lands. It unnecessarily constrains important biomass supply sources to help meet our Nation's renewable energy goals and in particular, has a limiting effect on private market investment in woody biofuel solutions to our larger wildfire and forest health problems. Solutions that not only would help diminish our dependence on foreign oil, but also help address the catastrophic and mega wildfire problem which threaten nearly 170 million acres of our nation's forests. We only have to look as far as this year's fire season in Northern California, as well as states outside of the West such as Texas and North Carolina, to understand what is at stake. Already over 3,300,000 acres have burned and we have spent over \$800 million in suppression alone this year. And as early studies put "true fire costs," those that consider the broader range of wildfire impacts (lost economic productivity, damage to ecosystem services, utility outages, etc.), as high as thirty to one, we cannot afford to close the door on helpful options.

And this is just the wildfire end of the problem. The out-of-control wildfires themselves have the potential to turn our forests from carbon sinks into carbon sources.

Researchers from the National Center for Atmospheric Research and the University of California report that carbon emissions from fires—in some states—can exceed that which is emitted through human use of fossil fuels. A striking implication of very large wildfires is that a severe fire season lasting only one or two months can release as

much carbon as the annual emissions from the entire transportation or energy sector of an individual state, based on the NCAR study.

Further, offsetting any amounts of foreign oil with domestically-supplied renewable energy has obvious foreign policy advantages that only add to the justification that we need not artificially limit our biofuel feedstocks. The current limiting definition unjustifiably adds to the cost of business, a tough notion to swallow considering the worsening budget and fiscal climate we are in. The bottom line is that we have the laws and regulations in place to guarantee we will maintain healthy and sustainable forests, even in the face of increasing demands on woody biofuel feedstocks. If we want truly sustainable and economically-feasible management of our forestland for forest health and renewable energy, the definition must be changed.

I would add that the definition creates a bureaucratic nightmare that makes any use of woody biomass cost prohibitive. Imagine trying to track woody biomass that can only come from certain lands as is currently crafted. The needed systems would not come cheap nor easy for any government entity to track. The definition also prohibits utilization of biomass from forests that are considered rare or imperiled based on global or state rankings pursuant to State Natural Heritage Program databases. This precludes the use of other information or programs that provide guidance on these forests such as State wildlife strategies, and the forest legacy program, to name a few. This is another example of some unnecessary and artificial restrictions.

We would also like to reinforce what you have heard today about the impacts this definition has on private forestlands. The definition constrains utilization of woody biomass from plantations to “actively-managed tree plantations” on land that was cleared prior to enactment of the legislation, i.e. December 19, 2007. New plantations either established on bare land or converted from other vegetative cover after the date do not qualify as source material. This has the effect of constraining economically efficient sources of supply for a national energy initiative. Further, what would otherwise be a market incentive to reforest bare land or create and perpetuate forest cover could have the effect of encouraging conversion to non-forest land use. This issue is significant to the Western US as the economic constrain of any sources for a national energy initiative will hinder the long-term success of the US in this market.

Continuing, the definition also precludes the utilization of biomass from “late succession” or “old growth forest,” but provides no specification for what constitutes those conditions. Biomass market investment would be discouraged even though they might otherwise encourage thinning in ‘older’ stands to avoid or mitigate the spread of insect and disease infestation, prevent wildfire and perpetuate healthy growth. Without specifying the conditions, the current definition will create added uncertainty into the woody biofuel equation, something that will only compound the disincentives for private sector woody biofuel investment.

Our federal lands, which make up over 40% of the land ownership in the West, are important sources of cellulosic material that can and should be used towards the goals

of the 2007 Energy Bill. The current measured and thoughtful approaches to the management of and uses of woody biofuels were not taken into consideration during the discussions of materials for the RFS goals. Our belief is that the best and most successful way of approaching federal forest land management, or all federal land management for that matter, is to include communities and stakeholders in the process. This assures a balanced, solution oriented approach. This is not reflected in the last minute change to the renewable energy definition in the Energy Bill and does no justice in recognizing the scale of the problem we face around forest health, climate, and our dependence on foreign oil. Obviously we want to be cognizant of project scale, but a one-size-fits-all approach is not the right approach. It only stifles the innovation and investment in woody biofuels that is needed and is part of a well rounded solution to these problems.

Allow me to expand upon this point with a specific example. There are many groundbreaking cross boundary collaborations that are helping to improve the health of western forests, such as that demonstrated through the implementation of the White Mountain Stewardship Contract on the Apache-Sitgreaves National Forest. Less than a decade ago, Arizona's forest-based communities near the Apache-Sitgreaves N.F. shared concerns regarding the departure of the local forest products industry and an impending threat of large, uncharacteristic wildfires. In 2002, the Rodeo-Chediski fire burned nearly one-half million acres and consumed over 400 homes forcing communities, business owners, and agency employees to move beyond the gridlock which often accompanies forest stewardship on our national forests. The end result included a long-term contracting mechanism (i.e., stewardship contract developed

collaboratively by the agency and local community) which provided the necessary woody biomass supply assurance needed before investors were willing to outlay the significant capital required to produce renewable heat and/or power for local community members.

One such example is the Snowflake White Mountain Biomass Power Plant in Arizona. The plant is generating electricity through a wood-burning boiler using forest thinning (wood-waste material from the area's forest industries) and waste recycled paper fibers from an existing newsprint paper mill located adjacent to the biomass facility. At least 75 percent of the Snowflake plant's production will be generated by forest-thinning efforts occurring on U.S. forest lands that surround the communities of Arizona's White Mountains and it could not function if not for the stewardship contract mentioned above. Now this example does not tie directly to use of woody biomass for biofuel production, but a direct analogy can be made here. The private sector will not invest the tens to hundreds of millions of dollars needed to commercialize woody cellulosic biofuel production in the west knowing that the vast majority of federal lands are off limits.

The current net growth of forest biomass -- conservatively estimated at 360 million tons per year -- could meet 30 percent of America's need for liquid fuels, perhaps more. Much of the material to provide this fuel would come from the small trees that should be removed to improve the health of the forests while reducing the impacts and costs of wildfire. An estimate from the USFS Forest Products Lab states that in order to improve health and decrease the risk of catastrophic wildfire, 8.4 billion dry tons of material needs to be removed from the national forests alone. If this 8.4 billion dry tons of

material can not be counted towards to RFS goal the opportunities for energy

independence in this country are being significantly limited, our forests and citizens all suffer.

We believe the Federal government can and should be responsible land stewards and do their part to see our country on its way to energy independence. We suggest a definition of renewable biomass that includes materials from both private and federal lands, gives guidance as to how those materials can meet the RFS goal and specifies how our Nation's energy goals are going to be met. The demand for renewable energy and the need to protect communities and forests is a perfect fit to turn wood waste into a clean burning, renewable source of energy. We urge Congress to consider changing the definition of renewable biomass to allow materials from federal lands to be 'counted' towards our Country's goals for renewable fuels in the future. Where to start? We would recommend the definition in the recently passed Farm Bill is a good place to look. Please let us know if you would like to follow up and pursue some solutions to this problem. We stand ready to help. Thank you for your consideration.