

# **Governor's Wood to Energy Task Force**

**Meeting Minutes: May 7, 2008**

## **Members of the Task Force:**

Les Otten, Chair, Maine Energy Systems LLC  
Pat McGowan Commissioner, Dept. of Conservation  
Chip Gavin Bureau of General Services  
Bill Strauss FutureMetrics  
Charlie Agnew Biomass Commodities Corp.  
George Soffron Corinth Wood Pellets  
Keith Van Scotter Lincoln Pulp and Tissue  
Jim Delamater Northeast Bank  
Dale McCormick Maine State Housing Authority  
Wick Johnson Kennebec Tool & Die  
Patrick Strauch Maine Forest Products Council  
Ian Burnes Maine Office of Energy Independence  
Ed Miller American Lung Association of Maine  
Jack Cashman Governor's Office, Senior Economic Advisor  
Charlie Spies CEI Capital Management LLC  
Bill Bell Maine Association of Conservation Districts  
Doug Baston Small Woodlot Owners Assoc. of Maine  
Peter Triandafillou Huber Resources Corp.  
John Kerry Office of Energy Independence  
Dana Connors Maine State Chamber of Commerce  
Hemant Pendse Prof & Chr ChB Eng Dept, UMaine  
Doug Gardner Prof. of Wood Science, UMaine  
Doug Smith Retired Attorney/State Senator

Jon Hinck Attorney/State Representative

John Fitzsimmons Maine Community College System

Dutch Dresser Maine Energy Systems LLC

Sean Mahoney Conservation Law Foundation

Paul Davis Plum Creek Timber Company

### **Previous Meeting Minutes**

Accepted as written

### **Introductions of Task Force members, Proxies and Interested Parties**

### **Confirmation of Meetings, including Public Hearing**

Wednesday May 14, 2008 10 AM – 12 Noon Augusta, Maine (regular Task Force meeting)

Wednesday May 28, 2008 3 PM – 5 PM Augusta, Maine (regular Task Force meeting)

6:00 PM – 8:00 PM Public Hearing; location to be determined.

### **Powerpoint presentation – Mike St. Peter**

Mike St. Peter has been the Director for 17 years of Maine's Certified Logging Professional Program. Mike was introduced to the Task Force by Pat Strauch of the Maine Forest Products Council

Mike's presentation outlined three harvest systems used in Maine:

1. Conventional Felling System, also known as manual felling (chainsaws, skidders, trucks loaded either by a separate loader or self loader trucks) Many skidders are 20 years old or older. Today, there is not much conventional logging coming into the industry. This system consists of a one man operation, who works an average of 40 weeks at 40-60 cords per week produced; equipment cost of \$120,000. Percent of wood in Maine: 15-20 percent.
2. Full Tree Length, Mechanical System – feller buncher, grapple, stroke delimber, loader; a bit more sophisticated, with higher production capabilities. Some of these machines work 24 hours per day; This system usually consists of 4-5 workers, including support personnel; the average production per week is 375-425 cords; average 44 weeks in a season; cost per system: \$1.1-\$1.5 million; produces 70-75 percent of Maine's wood. A lot of limbs are being used for biomass. This system provides 20-30 percent more production capabilities. Added on to the full tree system is the chipper system; if limbs and tops are chipped in the woods, then they are blown into chip vans which can be used as biomass.
3. Cut to Length System – this is the newest mode of operation – this system uses a processor/forwarder; the slash stays in the woods; it creates less of a footprint as limbs stay in the woods (used as cushioning); this system averages 2-3 workers; average production per week is 100-150

cords of wood; a 50 week season; equipment cost of \$700,000 - \$800,000; constitutes 5-10 percent of Maine wood.

Mike pointed out that loading and trucking are not part of the costs here – those are considered separate operations and costs.

How much fuel is consumed by these systems? Mike explained that the cut to length system uses more; in the full tree length system, the labor and fuel costs are less. Full tree systems are the most efficient, considering cost and labor.

Which system is the least environmentally objectionable? Depends on actual operation. The cut to length system doesn't do as much damage to the floor of the forest. Another factor to consider as well is the type of species of the wood.

So – the main question is – which type of system should be used if we want to increase production, do the least amount of damage to the forest, and be the most cost efficient? Answer: you really can't generalize. It very much depends on site specific, species specific, time of year, landowner goals, etc.

It was recognized that we need to match the equipment to the site in order to achieve those goals.

A logger in the audience, Silas Ames, who operates north of Bangor, stated that he would like to go to the cut to length system, but there are more costs involved.

### **Steve Schley**

If the cost of capital would come down, that would help. Silas Ames: the problem is that a new logger today cannot afford to go into business; there's no return on investment. The equipment is too expensive; the trucking costs too high. The high price of fuel has killed independent truckers.

It makes more sense financially to do mechanical harvesting, so the logger and landowner can sell all the wood.

### **Silas Ames**

We need more loggers, but we are losing them. And we need to be able to truck wood on the interstate; it is prohibitively costly to travel on back roads.

The discussion revolved around the state and federal incentive programs. What is economically possible now for Maine to do to incentivize loggers?

### **Peter Triandafillou**

Young spruce stands can't be bashed around, so the cut to length system is preferable in those types of stands, it means small footprint equipment; but it is more costly to use.

**Mike St. Peter**

One type of new equipment (innovative) is called brush bundlers. They are not prevalent in Maine. They take brush, bundle it into units and chip it for biomass. The industry is looking at innovative ways to increase production without negative environment capacity, and to increase income.

Our labor force is aging; older loggers can't work the longer hours needed; young people are not getting into commercial logging.

Especially in northwestern Maine, the industry has relied on foreign workers; and that is becoming more of a problem; those foreign workers are not as available due to new and tighter federal regulations.

What can we do to help with this labor shortage? Quebec has a good feeder system in terms of attracting and training younger workers, but it costs money. They work with school systems, but even with that, it is a challenge keeping young people in the industry.

Foxcroft Academy used to have a youth logging program.

**Charlie Spies**

There is a cut-to-length finance and education program in New Hampshire addressing cut to length training. Maine and Vermont are looking at this as well. Keith Bisson can provide more information. Charlie will report to this issue the next week.

**Silas Ames**

We are not dealing with the traditional landowners as in the old days; some landowners are deflating prices of the wood; fuel costs and equipment costs are sky high; so loggers/contractors are being squeezed on both ends. They are working longer hours for less money.

**Peter Triandafillou**

While Maine's actual harvest is staying steady; and loggers are becoming more efficient; more wood can be moved through mechanization.

**Silas Ames**

LURC is taking away property owners' rights –there are problems with protecting vernal pools; landowners are highly regulated. Landowners can't do what they used to due to their own land.

In order to grow more trees, we have to have good forestry practices.

**Mike St. Peter**

We need educated, trained personnel.

## **Silas Ames**

Maine has a big problem with hiring new people; we can't offer benefits and retirement like other employers, so it is very hard to attract young people.

## **Powerpoint Presentation Don Mansius, Maine Forest Service**

Wood Supply Analysis - Don presented a chart, an explanation of the number of loggers compared to wood harvesting productivity. Our logger numbers are down; but productivity is up due to mechanization.

Absolute supply is not the issue – it is infrastructure. How to access additional biomass is the key to our success –

1. Improved harvest/utilization of wood from currently harvested stands
2. Increased imports from outside Maine's borders
3. Harvest from stands not previously considered commercially viable
4. Increasing productivity and allowable cutting through more intensive management.

## **Les Otten**

What if Maine made a pool of money available to get the wood out of the forest that currently is not taken out due to the cost? Would that work? A low interest loan revolving fund would certainly be helpful.

## **Rosaire Pelletier**

Rosaire distributed a chart, which is helpful in visualizing what is in the wood basket.

## **Karin Tilberg**

There used to be some programs that would help landowners do pre-commercial thinning; they were cost share programs. Let's look at successful programs that existed in the past which we might be able to replicate to encourage pre-commercial thinning.

## **Steve Schley**

There is an obstacle which needs to be realized - the problem of the recent federal designation of wildlife, for example the protection of lynx habitat. It is hard to operate with those regulations slapped on landowners.

### **Peter Triandafillou**

We must look at the difference between pre-commercial thinning and other types of harvesting of stands to promote sustainability. This is more of a complicated issue than noted – we also have to look at types of equipment that will work toward our new harvesting goals. There are no easy solutions.

### **Karin Tilberg**

The state has information on the Forest Legacy resources and certainly, the lynx habitat issues being work on . The Forest Products Council is looking at that issue.

### **Steve Schley and Peter Triandafillou**

Peter and Steve reviewed their handout in response to the request last meeting for landowners to put together their “wish list” for more productive harvesting. The categories they discussed were:

1. Financial Capital
2. Wood Supply
3. Energy
4. Transportation
5. Market Involvement
6. Labor
7. Insurance/Health care
8. Regulatory Prudence

### **Steve Schley**

Rail transportation is the absolute key to increased productivity.

### **Dale McCormick**

In terms of the health insurance issue, Dale discussed health care initiatives which are working in Maine; Dale emphasized that Maine has been progressive in addressing the problem of affordable health insurance and universal coverage. Dale outlined the reasons why Maine has one of the highest rates of health insurance coverages in the nation.

### **Steve Schley**

The Task Force should look at the Maine Economic Growth Council report on the history of health care costs for enlightening information on this issue.

Another issue is the distance from stump to mill. Transportation distances are a challenge.

### **Peter Triandafillou**

There is a business opportunity for truckers to better manage back-hauls; we should pursue a better dispatch system for returning empty loads.

### **Les Otten**

On their wish list, for #2, the wood supply challenges: certainly one of the issues for landowners is dealing with the Maine Land Use Regulation Commission and current and proposed new regulations on land use. The LURC process and practices do need to be tackled; but this is not the venue to do that.

Les distributed his Chairman's report which is a list of consensus items extracted from the minutes of previous Task Force meetings. The report states:

*After six meetings of the Governor's Wood to Energy Task Force, there are a number of issues on which there is member consensus. The nature of this critical time in Maine's history has become ever clearer as the meetings have unfolded. All members of the Task Force seem genuinely concerned about the plight of Maine citizens and about their dependence on oil for residential heating.*

- *Maine has the highest dependence on home heating oil of any state in the nation.*
- *Maine residents spent \$1,375 billion last year for #2 heating oil.*
- *The current increase in heating oil prices will add more than \$400,000,000 to that already staggering sum.*
- *The largest proportion of the greenhouse gas CO<sub>2</sub> that Maine adds to the atmosphere comes from residential heating, not from commerce, not from industry, and not from transportation.*
- *There are residential wood pellet fired boilers and commercial wood chip boilers available for Maine citizens and industries.*
- *In the long term there is ample wood supply in Maine and regional forests to reduce the dependence of oil to fuel those boilers sustainably.*
- *The ultimate capacity to grow fuel in addition to harvesting our forests is yet to be determined.*

*These factors suggest a substantial opportunity to begin to address this crisis aggressively before our citizens face another long, cold winter.*

Les discussed how his home was converted to a wood pellet boiler heating system this week.

Les emphasized that Maine is not going to fix our oil heating crisis in the next 12 months...but we can have an impact over the next 5-10 years in terms of a more productive forest and providing alternative energy sources that are more affordable and cleaner.

There are 30,000 – 40,000 acres of fallow agricultural land that we can use to grow new wood.

### **Karin Tilberg**

The Task Force should add a recognition of the number of opportunities for homeowners to move away from home heating oil – heat pumps, geothermal, conservation projects that are available; Karin urged the Task Force to give a broad view rather than just narrow the focus of their work to wood.

### **Chip Gavin**

Chip agrees with the statements that the Task Force must make recommendations on how to reduce the dependence of oil – and at the same time recognize that the Task Force efforts aren't going to solve the problems alone.

### **Dale McCormick**

We must recognize that the winterization of homes is a key component to getting us off our dependence on oil; making homes energy efficient is critical to success.

MSHA's single family help loan program illustrates this important point – before homes are qualified for new furnaces, the borrower must fill up the holes in their particular home to make the house tight.

### **Les Otten**

It is important to remember the cost difference between oil and wood pellets. Homeowners could take the savings that are gained by putting in new wood pellet systems and make sure their entire house is energy efficient.

### **Peter Triandafillou**

The issue of exporting wood pellets must be looked at due to the fact that pellet manufacturers can get better prices in Europe. We need to look at the prices of pellets globally.

### **Bill Strauss**

There are many government incentives on the demand side in Europe.

### **Les Otten**

Les reminded Task Force members that his report as written is purely a synopsis of items taken out of meeting minutes. It's important to have a consensus document to start with. He would like to keep this document just containing the consensus items and start putting these new ideas and issues in another report, all leading to the final report of the Task Force.

Les urged all members of the Task Force and interested parties to send in their comments to Edie Smith, [edie@wscg.net](mailto:edie@wscg.net) and she will compile them into one document.

It was suggested that in the report's summary statement, the paragraph should read: "In anticipating support for that opportunity."

**Nick Bennett**

It is striking that you've left out references to wildlife protection in the document.

**Les Otten**

That certainly was not intentional - we want to be clear that we are always considering wildlife and environmental implications.

**Dale McCormick**

Dale supported Karin Tilberg's comments in terms of recommending other alternatives for helping us get off our dependence on oil. We must look at geothermal, solar, etc.

The Governor is looking at bringing together all energy programs into one listing - that would be good to mention in the list of consensus items.

Les urged everyone to send in their comments to Edie or bring comments on the list of consensus items to the next meeting.

**John Williams**

John is still not sure we can get more wood out of forest economically; we must look at lessons from the past and learn from past mistakes; the industry has really changed its practices and that needs to be noted.

**Pat Strauch**

There is a way to get that concern out there, but at the same time move forward. Pat suggested we look at the term "wood" – look at "solid wood" vs. "residual wood".

**Don Mansius**

We should discuss limbs, tops, and residual wood.

**Les Otten**

We also need to include "regional" wood basket – let's not forget other wood baskets in New England that can supply wood.

**Karin Tilberg**

There is a way to track wood usage so we know how we are doing, tracking what ways the Maine forest is moving forward. We should set benchmarks and monitor the progress using hard data. Karin urged the Task Force to look at sophisticated tracking mechanisms which already exist.

**Les Otten**

The next Task Force meeting will be in one week. We will continue to discuss the consensus document. Les urged attendance at the PCEDC meeting on May 16 and Edie Smith asked for volunteers to serve on the wood pellet panel. The biomass conference has been postponed to June 2 and more information on that will be shared at the next meeting. Also at the next meeting we will invite representatives from FAME and SBA to discuss loan programs.