



**WASHINGTON  
HARDWOODS  
COMMISSION**

**COMMISSION MEETING MINUTES**

September 1, 2010

Natural Resources Bldg #432

Olympia, Washington

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**Next Meetings:**        *December 15, 2010*  
Natural Resources Bldg #452  
Olympia, Washington

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**Commissioners Present:**  
Brian Stanton, Chairman  
Jeff Madsen, Vice Chairman  
Del Fisher  
Tom Fox  
Erik Metcalf  
Steve Witherspoon

**Commissioners Absent:**  
Rob Janicki

**Attendees:**  
Jed Herman, Diann Lewallen, Rachael Jamison, and Dave Sweitzer.

The meeting was called to order by Chairman Brian Stanton at 10:00 a.m. Introductions were made and the Commission was reminded of the legal limitations of the anti-trust laws in Commission meetings. Stanton announced that Rob Janicki tendered his resignation because of lack of time. Discussion for his replacement will be taken up later in the meeting.

It was MSP to approve the minutes of the June 16, 2010 meeting as mailed.

**FINANCE REPORT**

Lewallen presented the financial report dated August 31, 2010 showing cash and CD's of \$18,512.70 with no accounts payable. The cash flow spreadsheet shows a projected estimated reserve and estimated available reserve of \$20,234.70, through June, 2011. (copy enclosed) Sweitzer estimated that the logs processed summary for the second calendar year quarter would be approximately the same as the first quarter. Sweitzer and Lewallen discussed the audit of exports. The figures reported for 2009 match the numbers tallied. They will check to make sure of no irregularities in reported numbers. It was MSP to approve the financial report.

## 2010 ANNUAL MEETING REVIEW

Sweitzer presented the results of two surveys, each with different questions, but both resulting in high marks for the annual meeting and its speakers. Also, there were excellent suggestions on topics for discussion at next year's annual meeting. Reports will be sent to the speakers.

## 2011 ANNUAL MEETING

After discussion of suggestions from the 2010 Annual Meeting, it was generally agreed that our target audience could be small landowners, industrial land managers, agencies, State and Private Forestry. The topics were generally discussed, but not decided upon, as was whether or not to have a field trip. The final decision of the Commission was to prepare an information sheet (Fisher, Fox, Metcalf, Sweitzer) that would be sent on or about September 17<sup>th</sup> to a group of people that would form an annual meeting planning committee. Such meeting would be held this fall.

## SUBCOMMITTEE REPORTS

Prior to the subcommittee reports, the Commission discussed the method(s) to distribute pertinent information gained from the subcommittee activity. Distribution of information of each subcommittee activity will be tailored to fit the findings. Also discussed were the changes to the subcommittee structure. (copies attached).

### *PRODUCTIVITY - Fisher*

Plantation Mgm't: model work continues but no apparent changes since annual mtg. All the equations are completed but are in various stages of testing. Third party testing is expected to commence sometime in Q4.

HSC Summer Mtg - (I attended)

Field trip to Sedro Woolley: collected form class measurements on 30+ year natural alder stand. Will be used to adjust predicted diameters in model.

Thinning data: field trial data continues to support earlier entry to capture best response. Point of first crown recession appears optimal time for first thinning.

Regarding ORGANON, report from David Hahn follows:

From: Hann, David

Subject: Thinning Analysis for Red Alder

Folks,

Well the thinning analysis for the red alder plantation equations took longer than I had hoped but I am finally finished with it (I hope) and a rough draft of the resulting research summary is attached. The next step is to insert all of the equations into Edition 9.0 of ORGANON, prepare .INP files from the modeling data sets, and send the new ORGANON out to you for alpha testing.

I have also been working on updating the ORGANON web site in preparation for the new edition of ORGANON and my up coming retirement.

David

## *RESOURCE VALUES – Madsen*

Objectives for 2010:

- Update to 2002 Washington State hardwood inventory (westside)
- Canvass producers on their perceived value of the Commission and its work
- Provide input to Forest Practices Board, Puget Sound Partnership, etc. regarding the ecological values of hardwood management

I am still searching for a funding source for a new western Washington hardwood inventory (Objective 1). There was some hope we could be part of Oregon State University's request for a Agriculture and Food Research Initiative (AFRI) grant entitled, "Development of a Sustainable Hardwood Biomass Industry". Apparently this effort has been dropped. Another opportunity for funding is the new \$1 MM dollar grant the Washington DNR recently received from the U.S. Forest Service to complete a statewide forest biomass supply study. The study will help assess forest biomass availability and sustainability considerations throughout Washington State. The RFP is out but does not appear to offer anything in the way of helping us regarding a hardwood inventory of standing volume.

Objective 2 was completed earlier this spring.

Objective 3 was partially covered in a presentation to the Senate-House Natural Resources Committee last December.

Funding for objective 1 was discussed. Madsen will contact Luke Rogers for funding other than DNR grant.

## *EDUCATION – Metcalf*

- The Commission will review the current version of the educational brochure at the September meeting. There are approx. 1,200 copies of the brochure left.
- I will be attending the October meeting of the Lewis County Farm Forestry Association to discuss log quality and current market opportunities in hardwoods.

It was MSP to spend up to \$600 to reprint the brochure. Several copies will be sent to WFFA chapter presidents, processors, extension agents, professional foresters, with the suggestion that additional copies are available.

## *GOVERNMENT AFFAIRS – Fox*

I have received no requests from any Legislators for assistance or comments on any pending or proposed legislation.

Below is a recap of the Government Affairs Sub-committee activities.

A meeting with the Washington House Agriculture and Natural Resources (HANRC), and the Senate Natural Resources, Ocean and Recreation Committee (SNRORC) is in the process of trying to be arranged.

The Government Affairs Sub-committee lead sent out pertinent timber/hardwood industry information on current and upcoming Federal and State legislation to the WHC members as it develops to help keep them informed.

The Government Affairs Sub-committee lead spent many hours working with WFFA and the Small Forest Land Owners Advisory Committee (SFLOAC) landowner caucus on the Conifer Restoration Template (CRT). The current revised landowner draft was presented to the full SFLOAC on March 9 2010 and was rejected by the State Agencies at that meeting. The feeling of the small forest land owners on the SFLOAC is that if after almost 8 years of working on a

CRT it is time to move the template forward and either get approval or to give up trying to work the CRT.

The Government Affairs Sub-committee lead additionally authored a WHC CRT position paper. Drafts were distributed to the entire WHC board for comments and suggested changes were incorporated into the current draft. The WHC board unanimously approved the WHC CRT position paper at their March 10, 2010 board meeting.

The WHC board needs to discuss if there is any interest/support for continuing to work on the CRT ?

Fox will call Ed Orcutt to ask his advice on when to visit the Natural Resources Committees of the legislature, and the appropriate timing to visit John Mankowski regarding University Research budgets.

*MARKETS – Witherspoon*

**BCAP**

On February 8, 2010, FSA published a proposed rule covering the entire BCAP program, which terminated the NOFA. FSA received more than 24,000 comments on the proposed rule during the 60-day public comment period.

FSA is currently reviewing comments and drafting the final rule, which is expected to be published in the Federal Register in fall 2010.

FY 2009 – 2010 payments, as of August 9, 2010.

<u>State</u>	<u>Payments</u>	<u>Contracts</u>
California	\$29,458,438	291
Idaho	\$ 2,458,510	27
Maine*	\$34,842,076	408
Oregon	\$ 6,060,196	99
Washington	\$ 6,855,363	89

National Total \$242,946,304                      4,469

\*Maine has received the largest CHST payment as of August 9, 2010.

FY 2009 – 2010 Component Report, as of August 9, 2010

<u>Component</u>	<u>Payments</u>	<u>Contracts</u>
<u>Federal Woody Resources</u>		
Bark	\$2,776,752	53
Forest harvest slash(branches & tops)	\$3,003,327	45
Forest thinnings materials	\$1,750,031	29
Hardwood chips	\$1,086,877	34
Softwood chips	\$2,825,707	51
Tree and shrub species without timber, lumber, or wood pulp value (including fuelwood)	\$ 975,025	19
<u>Non-Federal Woody Resources</u>		
Bark	\$46,696,187	1,418
Cutoffs	\$ 650,509	27
Forest harvest slash(branches & tops)	\$30,012,559	386

Forest thinnings materials	\$27,220,001	399
Fuelwood (including types of hog fuel not Otherwise included in this list)	\$34,403,825	744
Hardwood chips	\$32,521,203	805
Post-disaster debris	\$ 1,016,752	10
Softwood chips	\$17,661,305	491
<u>Waste Materials</u>		
Non-edible fats, oils, and greases derived from plants	\$ 162,067	11
Non-edible, non Title 1 plant processing waste and scraps	\$ 3,226,417	56
Orchard wood waste	\$15,000,377	123
Pellets	\$ 5,367,939	70
Roadway maintenance cuttings	\$ 20,327	6
Sawdust	\$12,400,919	357
Shavings	\$ 2,859,093	61
National Total	\$242,104,025	5,306

The information in the BCAP section of this market subcommittee report was obtained from the United States Department of Agriculture Farm Service Agency website. The complete summary report and component report can be viewed on its website at

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ener&topic=bcap>.

#### NW Region Proposed Biomass Facilities

Nippon Paper Industries (Port Angeles, WA.) – 20 megawatt biomass facility. The project should create more than 20 new jobs. The biomass fuel will come from timber operations throughout the North Olympic Peninsula. Nippon is one of four partners picked by the State Department of Natural Resources to use forest biomass from state lands for green energy projects.

The market subcommittee report for the second quarter contained a list of eight additional proposed biomass facilities with the northwest region.

#### State Department of Natural Resources Biomass Partners

The pilot projects and their locations are:

Parametrix will launch a pilot to convert woody biomass into liquid fuels at SDS Lumber in Bingen using fast pyrolysis technology.

Borgford BioEnergy, LLC in Valley and Springdale will utilize wood waste to generate electricity, bio-oil, syngas, and bio-char.

Atlas Products in Omak will use forest biomass to produce wood pellets for heating.

Nippon Paper Industries USA, Ltd. in Port Angeles will utilize wood waste for the cogeneration of heat and electricity at its paper mill, as well as selling excess energy.

#### *RESEARCH AND GRANT FUNDED PROGRAMS – Stanton*

Third quarter activities involved the preparation of a grant application to the USDA's Agriculture and Food Research Initiative's (AFRI) solicitation for proposals for regional approaches to sustainable bio-energy production. GreenWood Resources is partnering with the University of Washington and Zechem Corporation on a proposal the title of which is: *System for Advanced*

*Biofuels Production from Woody Biomass in the Pacific Northwest.* Feedstock development is one of the proposal's five core areas (i.e. feedstock development, biomass conversion, sustainability, extension, education). The feedstock portion focuses on hybrid poplar and hybrid alder bio-energy plantings as the central component of the region's future renewable fuels industry. The importance of hardwood energy farms reflects the need that commercial fuel facilities have for a measure of economic stability in their biomass supply portfolio. Although forest and forest-product residuals will be a major source of cellulosic energy feedstock, they are attended by volatile pricing and supply uncertainties and irregularities. In contrast, purpose-grown biomass from proximately located hardwood tree farms will provide the stability and predictability that investors require before the commitment of capital to the development of commercial fuel facilities.

Feedstock portion of the AFRI proposal includes a bio-refinery siting/land suitability study, a Phase I commercialization plan, and supportive research in exploratory hybridization, genomics, transformation, endophytes and harvesting technology. Collaborating research institutions include University of California, Davis, Washington State University, University of Idaho, Evergreen State University, Oregon State University, and Case New Holland. The feedstock program also includes support for Luke Roger's Rural Technology Institute work to inventory softwoods and hardwoods in Washington, Oregon, Idaho, and northern California. AFRI is expected to make three awards nationwide. Work would begin July 2011.

#### MANAGING PUBLIC LANDS FOR RENEWABLE ENERGY

Jamison reported to the Commission on DNR's Forest Biomass Initiative. A copy of her prepared statement is attached.

#### DNR UPDATE

Herman reported that 744 mmbf was sold in FY 2010 and 801 mmbf was removed. FY 2011 calls for 650 mmbf to be put up for sale to maintain the average for the 10-year period since the sustainable yield calculations were approved. Traditionally about 10% of the annual cut is hardwoods. However, WHC has described a sustainable hardwood cut at 80 mmbf. We need to get Commissioner Goldmark out into the field in order to show him the need for more hardwood harvest, more hardwood plantations, as well as the need for templates and FREP. John Perez Garcia will be contacted at UW for an update on the "Small Business Economic Study," which included a hardwood component.

#### OTHER BUSINESS

Hardwood Silviculture Coop dues – Stanton will contact Hibbs.

Replacement for Janicki – Witherspoon will contact an agreed upon candidate.

Next meeting dates – December 15<sup>th</sup>, DNR room 452

March 9<sup>th</sup>, DNR room 432

June 15<sup>th</sup>, TBD

The meeting was adjourned at 3:00 p.m.

Minutes prepared by Dave Sweitzer



## Forest Biomass Initiative

### Context

The Department of Natural Resources' forest biomass initiative is occurring against a backdrop of existing state and federal policy direction:

- The Federal Energy Independence and Security Act of 2007 emphasizes biomass as a fuel feedstock.
- Some state energy policy statements emphasize grid-based power with a limited role for biomass.
- Reducing greenhouse gas emissions and increasing energy security for Washington State means focusing on transportation.
- Adoption and revision of state and federal renewable fuel and portfolio standards will affect the market for Washington's biomass energy products.
- Other federal, state, and local policy drivers will influence the markets for biomass from Washington's forest lands. These include policy related to rural economic development, forest management, climate change, and revenue production from state trust lands.

### DNR's Biomass Initiative

In 2009 the Washington State Legislature passed HB 2165, authorizing the Washington State Department of Natural Resources (DNR) to implement forest biomass-to-energy pilot projects.

Washington's forests have an abundant, renewable supply of woody biomass. Using some of this material for liquid transportation fuel, heating, and electrical power generation will play an important role in Washington's emerging green economy and help to address climate change. Removing biomass from forests in ecologically sustainable ways can provide income for forest landowners while improving forest health, creating jobs in rural parts of the state, and reducing wildfire risk and greenhouse gas emissions.

Developing a forest biomass project involves numerous challenges. Some relate to supply availability, consistency and sustainability; others, product market development and incentives; others, technological challenges or capital availability; and still others, conforming elements of public policy. Yet, few organizations exist that can convene independent biomass partners and provide a one-stop venue for assistance with resolving the challenges of project development.

The goal of the biomass initiative is to fill a void in convening people to forge public-private partnerships among forest biomass suppliers, biomass purchasers, energy producers, communities and state agencies to utilize biomass materials for renewable energy generation.

### Implementation

In summer 2009, the DNR issued an invitation to submit letters of interest for those wanting to partner in the implementation of biomass pilot projects. Over 30 letters of interest were submitted. These have been evaluated by an advisory committee comprised of diverse expertise in the technology, research, conservation, forest industry and biomass energy fields.

Project activities proposed by potential partners included:

- Co-producing electricity, bio-oil, and "syngas" at one integrated facility using pyrolysis technology.
- Heating systems for public facilities including schools.
- Mobile production of bio-oil and bio-char using "fast pyrolysis" technology.
- Pellet or "bio-brick" production for heating applications.

- Combined heat and power systems for existing forest products manufacturing facilities.
- Production of electricity for sale to utilities with renewable energy requirements.
- Demonstration of in-forest biomass handling systems to increase access or decrease transportation costs.

### Pilot Selection

In January 2010, four projects were selected to move forward in the first phase of biomass-to-energy projects in the state. The Department of Natural Resources supports innovative and emerging biomass harvesting and processing technologies that can contribute to the bio-fuel industry. Additionally, the Department sees biomass as playing a key supporting role to other energy needs in the state: grid-power and on-site residential and industrial heating. The following are brief descriptions of the biomass projects that have been selected:

- **Parametrix.** *Region:* South Central.  
Parametrix plans to develop a transportable system that uses fast pyrolysis technology to rapidly convert forest biomass to liquid fuels and bio-char. The project seeks to demonstrate the commercial viability of this conversion technology and its products. It is estimated that the demonstration project, located at SDS Lumber, in Bingen, Washington, will be completed in 18-24 months, with the commercial facility operating in an additional 12-18 months. Partners include Renewable Oil International (ROI), Organix, Inc., and SDS Lumber.
- **Borgford Bioenergy, LLC.** *Region:* Northeast.  
The Kulzer BioEnergy Park in Stevens County will be a state of the art energy production facility with its main outputs being electricity (9.4 MW), bio-oil (2,000 gal/day), syngas (14,000 lbs./day), and bio-char. By-products of heat and steam will be captured for use in the facility. The long term goal is to establish 10 facilities of this kind in the Northwest to speed up forest fuel reduction efforts.
- **Atlas Pellets.** *Region:* North Central.  
In Phase 1, Atlas Pellets proposes to purchase, install, and operate off-the-shelf debarkers, grinders and chippers to produce pellets from forest biomass. This equipment will help Atlas Pellets to greatly expand the resource base (sawdust from lumber mills) on which it is presently operating its Omak pellet mill. An expanded mill will be a major link in a local woody biomass to energy development change that will include local, public, and private forest owners, a local custom forest restoration and harvest operation, Atlas Pellets, and local consumers.
- **Nippon Paper.** *Region:* North Olympic Peninsula.  
Nippon will replace an existing biomass boiler at its paper mill in Port Angeles, Washington. The replacement boiler will have increased capacity, operating temperature, and operating pressure to supply a turbine-generator unit. The 6.0 MW output of excess power will be sold to a utility with renewable energy requirements. The project is expected to help preserve hundreds of Clallam County jobs that depend on the long term financial viability of NPI Port Angeles Mill.

### Next Steps

Throughout the course of the review process, it became evident that in order to sustainably contribute to Washington's emerging biomass-to-energy industry, several issues would need to be addressed. First, legal issues related to contracting authority of the agency need to be resolved. Second, it's widely recognized that a comprehensive evaluation of biomass supply and accessibility is necessary.

- *2010 Request Legislation.* The agency is seeking to amend the valuable materials statute (RCW 79.15) so that instead of having to auction each timber sales' woody biomass waste, or forest health treatment, on a sale-by-sale basis, DNR will be authorized to provide contracts (5-year, with up to 3 renewals) or leases for long-term biomass supply. (SB 6236; HB 2481).
- *Biomass Supply and Accessibility Study.* The Department is committed to integrating sustainability into all of our activities. This requires that we account for the ways in which our activities affect Washington's people, environment, and economy (i.e. triple bottom line accounting). A state-wide investment-grade supply and accessibility study would be useful to ensure that biomass-to-energy projects are moving forward sustainably. We are currently pursuing funding to initiate this process and hope to have a final report by 2011.
- The 2009 legislation requires a report to the legislature in December 2010 on the progress and any results of our pilot projects.