

Forest Health & Biomass Energy Transition Team Recommendations to Governor Kitzhaber

Procedural History

On January 11, 2010, during the gubernatorial campaign, Governor Kitzhaber outlined a plan to put people to work in rural communities restoring forests and creating biomass energy. He suggested that Oregon has a significant opportunity to simultaneously make progress on three of the state's long-standing goals: healthy forests, rural jobs, and renewable energy. Environmentalists, foresters, and local communities agree that responsible thinning and other restoration activity must be done on our overgrown federal forests in order to reduce the risk of catastrophic fire and insect infestation. Active management would immediately create rural in-woods jobs, and the by-product of that thinning activity, "woody biomass," can be utilized to generate heat and electricity, thereby creating more jobs.

On November 11, 2010, a transition team was formed to lead a group of stakeholders to foster the growth of a bioenergy industry in Oregon, beginning with woody biomass. The team was asked to identify opportunities for increasing the demand for woody biomass.

Matt Donegan, Co-Founder and Co-President of Forest Capital Partners, Russell Hoeflich, Director of The Nature Conservancy of Oregon, and John Shelk, Managing Director of Ochoco Lumber Company, were named as co-chairs. They conducted a series of meetings, worked with stakeholders and researched a range of policy options.

On December 13, the Co-Chairs led a session entitled "Improving Forest Health and Increasing Demand for Biomass Energy" at the Oregon Business Summit, an event which was focused on breaking out of the job-loss cycle by calling for redesign of public services and better utilization of the resources in Oregon. This breakout session was one of only six concurrent sessions at the prominent event attended by 1100 business and community leaders.

On December 16, the Co-Chairs released a Biomass Priorities discussion draft to stakeholders. These individuals represented a variety of backgrounds, ranging across relevant business sectors, the environmental movement, and government (including a legislator and representatives of federal and state forest departments). The draft was divided into two key areas: 1) develop woody biomass market (including market "push", market "pull", and related infrastructure); and 2) accelerate forest restoration in Oregon and increase federal forest biomass harvests. The draft was posted online for public comment.

This document represents the views of Transition Team members.

Following the release of the draft, stakeholders were asked to return comments by December 22. Fourteen sets of comments were received, compiled, summarized anonymously for review by stakeholders, and then placed online.

The Co-Chairs conducted a public discussion forum on January 5th, 2011 to review both the draft and comments with stakeholders. Comments were summarized and posted online.

Considering all public input, the Co-Chairs have developed the following recommendations to the Governor. They have been broken down into immediate actions, long-term actions, and other ideas for further consideration.

Immediate Actions

Establish and maintain a market for biomass:

- Ensure that EPA regulation of biomass reflects the beneficial carbon profile of woody biomass in the Northwest;
- Include preference for biomass boilers in school retrofit programs;
- Ensure that energy incentives maintain support for community-scale biomass projects;

Engage both public and private resources to become the first state to develop an integrated biomass inventory, including private, public, and agricultural lands and waste. This will allow us to appropriately size biomass projects, particularly community thermal production, and lay a foundation for assessing additional ecosystem services.

Direct my intergovernmental and regional solutions director Greg Wolf to immediately convene the Federal Forest Advisory Committee's implementation group to assist the successful model for public, private, civic community-based collaboratives in forming and connecting state resources to their efforts on the ground. The FFAC should immediately develop a four year action plan to integrate their efforts in support landscape scale forest health treatments across our state. I will rely on the FFAC and the regional solutions team as the primary driver for coordinating biomass policy

Accelerate the collaborative efforts in the Deschutes, Fremont/ Winema National Forests, Malheur, and Rogue-Siskiyou National Forest, by providing through ODF critical pass through resources for the leadership, and the scientific and technical support for collaborative stakeholder groups working with the ODF, US Forest Service and Bureau of Land Management. State funding will help accelerate work on the development of specific ground treatment

prescriptions, guidance and eventually the monitoring of the projects and sharing of best practices

Reach out to Senator Wyden, Congressman Greg Walden and other Congressional leaders to develop a roadmap for passage of the Oregon East Side Forests, Restoration, Old Growth Protection and Jobs Act in the 112th Congress. I will ask the team of forest industry and conservation organization leaders who helped craft this ground breaking legislation to join me in the design of our political strategy to ensure passage of this ground breaking bill.

Long-Term Actions and Ideas for Further Consideration

Summarized below is a more comprehensive set of actions that could support the growth of the woody biomass industry.

I. Market Development Priorities

A. Increase Biomass Market “Pull”

Enhance demand for woody biomass.

- Define biomass energy as carbon beneficial at the state level and refine possible regulatory barriers.
 - Redefine “solid waste” to exclude biomass (since that term pertains to DEQ’s regulatory authority).
- Finance Mechanisms: Develop financial tools and provide access to capital in order to generate investment in biomass energy production.
 - Develop a bonding mechanism for public school institutional heat system installation.
 - Establish a Renewable Resource Funding Board that would provide access to capital and financing mechanisms for biomass energy.

B. Increase Biomass Market “Push”

Increase market confidence by providing services and incentives for bioenergy development.

- Establish incentive programs to invest in or utilize biomass energy
 - Protect and reauthorize energy manufacturing tax credits.
 - Protect and reauthorize \$10-per-green-ton of biomass.
 - Develop Biomass Transportation Tax Credit.
 - Develop appropriate credit for energy production from biomass fuel sources.

This document represents the views of Transition Team members.

C. Build Biomass Market Infrastructure

Build a sustainable infrastructure to accommodate a long-term, stable bioenergy market.

- Skilled workforce training program – Provide funding for recruiting and training the forestry workers of the future, including preparation for basic work in the woods as well as the increasingly skilled jobs operating high tech equipment and other tasks requiring sophisticated computer and math/measurement/computational skills.

D. Other Market Development Initiatives

- Obtain a biomass market development survey that identifies key incentives for vibrant biomass demand and utilization in other regions with a successful biomass track record (e.g. Georgia, British Columbia, and Sweden).
- Conduct a statewide inventory of biomass resources.
- Participate in the Forest Cluster Economic Development State Agency Core Team and the Private Sector Work Group to form a single economic development strategy for Oregon's forest products sector within which increased biomass utilization and forest restoration efforts can be promoted.
- Assist Wallowa County with the development of an Integrated Biomass Energy Campus.
- Support the development of a single economic development strategy for Oregon's forest sector.

II. Accelerate Forest Reforestation and Increase Federal Forest Biomass Harvests

A. Lead state, regional and national efforts to restore forest and rangeland health.

- Co-chair the Western Governors' Association's Forest Health Advisory Committee and participate in Western Governors Association Forest Health Advisory Committee biomass subcommittee.
- Hire a full-time D.C. lobbyist to focus on natural resource issues.
- Host regular executive meetings with the Regional Forester and BLM Director to identify issues of common concern and devise strategies for addressing them. Take an active role in the US Forest Service Forest Plan Revision Process for the Blue Mountain National Forests (and similar forest planning processes that will start over the next few years).

B. Support legislation, policies and programs that improve procedures for forest restoration.

- Improve current administrative policies and reauthorize stewardship contracting authority, which is set to sunset in 2013 unless reauthorized.
- Lead an effort through the Western Governors' Association to reauthorize and improve stewardship contracting consistency and practices.
 - Utilize existing guidelines for the state to enter into contracts and agreements with federal entities.

This document represents the views of Transition Team members.

- Advocate that the US Forest Service create a national risk-pool and explore other mechanisms to cover the “cancellation ceilings” associated with stewardship contracts for large-scale treatments.
- Improve guidance regarding enhanced collaboration in National Environmental Policy Act analysis and planning.
 - Establish a working group through the Western Governors’ Association to clarify existing NEPA guidance on the latitude available for collaborative problem-solving within the NEPA process. Encourage Secretaries Vilsack & Salazar to direct a communication strategy to convey the results of the working group to agency staff and key stakeholders and to establish offices to provide advice and consultation.
 - Advocate for the federal agencies to develop a collaboration plan for large landscape restoration projects to ensure open, inclusive, and transparent stakeholder involvement.
 - Ask the federal agencies to establish a learning network with the Western Governors’ Association and private sector partners to regularly convene and disseminate information, share effective tools, and promote systematic analysis.
 - Advocate for improved federal agency planning rules to consider and incorporate landscape-scale restoration recommendations from local and regional multi-stakeholder collaborative groups. Support the two ongoing efforts in Southern Oregon to continue landscape level work with federal agencies and local interested parties.
 - Encourage the Western Governors’ Association to commission a six-month review to evaluate the design, implementation and effectiveness of adaptive management programs. Use the results to develop guidelines for implementing an adaptive management approach for all landscape-scale restoration efforts.

C) Increase science, technical and facilitation resources in Oregon to support collaborative problem solving and build consensus for restoration.

- Support the current Oregon Solutions budget of \$150,000 to provide staffing for the FFAC IWG and forest collaborative groups around the state. If possible, double the budget to extend services.
- Advocate for approximately \$300,000/year in 2011 and 2012 in federal and state funding to support third party technical and scientific support for collaborative problem solving. Increase funding to \$500,000 in FY 2013 and 2014.
- Support full funding of \$40 million over FY 2011 and 2012 for the Collaborative Forest Landscape Restoration Program (which may lead to projects in Oregon).
- Support the USFS Integrated Resource Restoration budget. This will help integrate the agency’s approaches to forest and landscape restoration, climate change adaptation, and protection of watersheds and water resources. It also breaks new ground by proposing that activities be measured based on their ecological outcome and effects on watershed condition, rather than the acres of habitat or miles of stream restored, and encourages use of stewardship contracts where that makes sense financially.

This document represents the views of Transition Team members.

- Advocate that the State Legislature leverage existing federal investment with state resources to grow capacity and collaboration across the landscape by contributing to recently established Community Capacity Land Stewardship grant program.
- Pilot a dedicated Forest Restoration Coordinator grant program by creating a new category of Watershed Coordinator grant within the Oregon Watershed Enhancement Board: an Upland Restoration Coordinator category that is more focused on riparian corridor and upland restoration than work within the stream channel.
- Expand Oregon's authority to reduce buildup of fuels on land across all ownerships in the wildland-urban interface by enhancing SB 360 (the Oregon Forestland-Urban Interface Fire Protection Act).

III. Additional Strategies

- Market this plan through a public outreach effort, including a statewide summit or road show.
- Expand the state's goals for new renewable energy generation and consumption.
- Explore wood supply agreements for woody biomass from state lands.