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Maine Passes Bill to Boost Biomass Industry

Anna Simet April 19, 2016

Maine's struggling biomass power industry can breathe a little easier with the passage of a bill that will inject a maximum of \$13.4 million into the sector via renewed and new power purchase agreements.

Expiring contracts, low energy prices and the elimination of incentives in neighboring states have pushed the state's biomass sector to the brink of collapse. Earlier this year, Covanta Energy shut down two of its Maine biomass power plants in West Enfield and Jonesboro, Maine, citing energy prices as being insufficient to cover operation and fuel supply costs.

The state's largest biomass power producer, ReEnergy Holdings LLC, which operates four wood-fired plants in Ashland, Fort Fairfield, Livermore Falls and Stratton, has stated that it cannot continue operating its plants under current market conditions. Its Lyonsdale plant has been operating at a loss and faced closure by May, with the rest likely to follow suit. During hearing testimonies regarding the bill, CEO Larry Richardson said that ReEnergy's plants support an estimated 700 indirect jobs in the state, 105 direct jobs, and are budgeted to spend more than \$92 million in Maine this year, purchasing about 1.8 million tons of low-value fiber.

The potential loss of many hundreds of direct and indirect jobs from the biomass industry, coupled with recent job losses from the state's flailing pulp and paper sector—most recently at Madison Paper Industries, which dismissed 215 with its closure in March—prompted heavy bipartisan support of the bill, which was passed April and will bide the sector some time to map out a plan forward.

With stipulations, it directs the public service commission to initiate a competitive solicitation for contracts as soon as practicable, and directs investor-owned transmission and distribution utilities to enter into one or more two-year contracts for up to 80 MW of biomass energy.

Aiding this initiative is another recently passed bill that, in order to study economic, environmental and energy benefits of Maine's biomass industry, establishes a commission consisting of legislators, a wood harvester and representatives of the biomass energy industry, a sawmill, the pulp and paper industry, and users of biomass energy. One initiative of the commission, which has to report results by December, is to examine and evaluate public policy and economic proposals to create and maintain a sustainable future for the Maine biomass industry.

The Maine-based Biomass Power Association pointed to the bill's passage as a lifeline for the sector and all of the economic benefits it provides. "We are grateful to the Maine Legislature for acknowledging that a thriving biomass industry is worth fighting for," said Bob Cleaves, president and CEO of BPA, and a resident of Portland, Maine. "After a robust debate, the proposal passed by a significant margin, showing that appreciation for biomass, and its many economic and environmental benefits, runs deep. We hope Gov. LePage signs the bill soon."

The Professional Logging Contractors of Maine also lauded passage of the bill. "This is a win not just for the logging industry in Maine, but for the entire forest products value chain," said Dana Doran, PLC executive director.



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PLC, the trade association of the state’s logging industry, said losing the Maine’s biomass market would be a huge blow to the logging industry, which has sold woody biomass waste from logging operations to the plants for years. The shutdown of the two Covanta plants is already having a direct effect on a large percentage of Maine loggers who are struggling with paper mill closures that have limited markets for wood fiber, according to PLC, which estimates that the total economic losses to Maine from the loss of the biomass industry as being up to \$300 million per year.

Gov. Paul LePage is imminently expected to sign the bill, “An Act to Establish a Process for the Procurement of Biomass Resources.”

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Richard P. Vlosky, Ph.D.
Director, Louisiana Forest Products Development Center
Crosby Land & Resources Endowed Professor of Forest Sector Business Development
Room 227, School of Renewable Natural Resources
Louisiana State University, Baton Rouge, LA 70803
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931
Web Site: www.LFPDC.lsu.edu



President-Elect, Forest Products Society; President-Elect, WoodEMA i.a.

