

News and Updates for Michigan's Biomass Industry.

Michigan Biomass is an advocate for and supported by the state's wood-fired power plants. Visit www.michiganbiomass.com for more information.

Quick Hits

hot off the press

Forest division reorganized

Michigan Dept. of Natural Resources Director Rodney Stokes has announced a reorganization of the Forest Management Division that creates a focus on timber and disperses other responsibilities.

The new Forest Resource Division will be headed by the yet-to-be named state forester and work closely with the Timber Advisory Council, Stokes said. That council has not been named.

Trails and recreation management will move to the Parks division. Oil, gas and mineral functions will be moved to a new Office of Land Administration.

Senate reviews energy policy

The Michigan Senate this fall reviewed two statutes passed in 2008 that changed the electricity market landscape.

The Senate Energy and Technology Committee in October and November heard testimony from parties affected by PA 295 of 2008 — The Clean, Renewable and Efficient Energy Act, and PA 286 of 2008 that re-regulated the marketplace.

Panel members heard from alternative energy supplies, ratepayers wishing to buy power from non-regulated companies, and power cooperatives that the restructuring caused higher than average regional power rates and limited consumers' ability to save money. Regulated utilities and others testified that renewable portfolio standards have been successful and produced jobs, all at costs lower than expected.

Bills encourage private forest management

A pair of House bills in the Michigan legislature encourage non-industrial property owners to manage their forestlands for timber and make it easier for small commercial parcels to move into that program.

The Qualified Forest Program (QFP) and the Commercial Forest Act (CFA) provide tax exemptions for eligible lands with forest management plans: QFP for small non-industrial landowners, CFA for owners of commercial forests.

HB 4969 and HB 4870 would expand the definition of eligible lands to include properties with certain structures, like hunting camps, and seek to shift smaller parcels out of CFA into QFP.

Both bills modify withdrawal penalties and requirements.

There are only 17,000 acres of a 1.2 million-acre cap currently enrolled in QFP.

Wolverine plant challenged

The Sierra Club and the Natural Resources Defense Council have filed suit in Ingham County Circuit Court to block construction of Wolverine Power Cooperative's proposed co-fired power plant in Rogers City. They want the court to revert to findings of the former Gov. Granholm administration that showed no need for the plant and excessively high ratepayer costs.

The Snyder Administration approved air permits for the plant earlier this year following Wolverine's successful appeal in a Missaukee County court that found the state had no authority to include need as a criteria for the air permit.

Timber advisory group forming

The Michigan Dept. of Natural Resources is setting up a Timber Advisory Committee to advise the department director on timber resources and related issues. It will be made of representatives from the Upper Peninsula, the northern and southern Lower Peninsula, universities, agriculture, and conservancy organizations.

The group will meet formally four times a year and will convene before year end.

Frontier scales back

Frontier Renewable Energy has scaled back its initial production plans for a wood ethanol plant near Kinross by 50%.

The company still plans to build a plant that can produce 40 million gallons per year of cellulosic ethanol, but has decided 20 million gallons is a more appropriate first target.

That production level represents 565,000 green tons of hardwood chips and associated wastes per year. Company officials in September presented the NRC with data indicating that the full production volume is well within sustainability parameters for the surrounding forests and will replace volume previously consumed by mills that have closed. Frontier also plans to generate approximately 7.5 megawatts (MW) of its 10 MW load from bark and other byproducts.

To date the project has received \$14 million of \$20 million in grants awarded by the state on the premise of 50 full-time jobs, 500 indirect jobs and 150 construction jobs. Not all of the necessary financing has been secured, company officials said.

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Construction permits have been obtained to start soil borings, and earthworks for utilities are expected to start by year end.

The project is a partnership of Mascoma, a Mass.-based research firm; JM Longyear, a large UP forestland owner; and Valero, an international oil company that has committed to the off-take.

RenewaFuel halts production

Cleveland Cliffs, an Ohio-based mining company, has ceased production at its commercial-scale biomass pelletizer in Marquette County.

The operation started production last year and was intended to provide 150,000 tons per year of biomass briquettes intended for co-firing with other boiler fuels.

The facility is for sale.

NewPage files Chap. 11

NewPage, one of the nation's leading paper manufacturers, has filed for bankruptcy protection.

The only production stoppage has been at NewPage's facility in Port Hawkesbury, Nova Scotia, Canada, which will be sold, jeopardizing a 60-MW, \$208 million, once-under-construction biomass project with Nova Scotia Power. U.S. production facilities remain in operation through a \$600 million "debtor in possession" loan the company has secured from JP Morgan

Ohio-based NewPage employs 6000 people in Maine, Mich., Minn., Ken., Ohio and Wis.

Bank helps Manistique Paper

Mackinac Financial Corp. has purchased Manistique Paper's loans, helping the company avoid Chapter 7 liquidation and keep 150 jobs alive.

Mackinac Financial through the Michigan Economic Development Corporation (MEDC) paid off Manistique Papers' existing loan to keep the company in Chapter 11 reorganization and stave off immediate liquidation and the loss of jobs.

Manistique Paper converted from newsprint to specialty papers in 1998 and uses 100% recycled material (40% post-consumer). Therefore, its closure is not expected to impact local fuel wood markets.

Company owners cited increased material costs and soft markets for the decision.

EPA rules & actions

The U.S. EPA is expected in November to release new proposed

rules governing commercial boilers and alternative fuels: another chapter in a decade-old process at altering compliance under the Clean Air Act.

EPA is expected to reissue so-called "boiler MACT" and solid waste rules in November after a U.S. Circuit Court said in late 2010 it would not grant EPA the "do-over" it requested.

The proposed rules were issued last fall and were immediately beaten-up by industry saying they were unachievable and poorly calculated. EPA agreed and asked for more time to fix the rules, but the court said no. EPA complied in February 2011 and issued rules under the caveat it would reconsider them.

During that reconsideration, however, several court challenges were filed, administrative appeals made and legislation approved in the House to give EPA the time it needs to craft new and achievable rules.

A coalition of environmental groups have filed suit claiming EPA had no authority to exempt biomass from greenhouse gases.

The coalition claims EPA improperly granted an industry petition for reconsideration of the Tailoring Rule and a three-year exemption on biomass carbon. The seven-member group filed in a federal Court of Appeals saying EPA "...has no authority to just waive the Clean Air Act for the benefit of politically favored industries."

Comment

Persons opposing wood for energy use in the U.S. are fooling themselves in believing that thwarting biomass development in the States is going to "save" forests. Basic economics will see to it that this natural resource moves to the highest value markets, whether the market is next door or overseas, paper or chemicals. Successful efforts to stop forest resources from reaching Michigan's energy marketplace will do nothing to stem the flow of wood fiber into other energy markets. In other words, if not Michigan, then elsewhere.

Recently Plum Creek announced it is finalizing a million-ton deal to export energy wood to Europe, along with Enviva, which is building export pellet plants in the southeast. China and India want our wood, too.

It's sad to think Michigan and the U.S. could miss out on these jobs, and the forest health benefits from silviculture practices enabled by biomass energy economics. In that scenario the forest, the environment, the landowner and the economy all win.

Local resources, providing local jobs, supporting local communities should be a high value market.



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