2016

Biomass Study - Professional Logging Contrators of Maine - August 2016

Professional Logging Contractors of Maine

Professional Loggers: The Root Of Maine's Forest Resource Industry

Professional Logging Contractors of Maine

Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry

August 2, 2016

Professional Logging Contractors of Maine

Loggers Serving Loggers

- **In 1995** a group of Loggers created PLC to provide **PROFESSIONAL LOGGERS** with a voice in a rapidly changing industry.
- Quality Harvest Operations
- Business Innovation – Master Logger
- Safety
- Logger Advocacy
- Community Impact – Log-A-Load
- Contractor members – employ 2,500
- 75% of the Maine's Annual Timber Harvest

Professional Logging Contractors of Maine

The Economic Impact of Logging in Maine, 2014

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Maine Loggers Invest……

- $24 million in equipment purchases in 2014
- $87 million in equipment inventory
- $311,000 in loan interest annually

Maine Loggers Employ……

- 4,607 individuals employed directly
- Average company:

  12 in woods, 2 in office support, 6 in trucking, 2 mechanics
- $190 million payroll & proprietor income
- $295 million direct output

Maine Loggers Consume……

- Fuel
- Tools
- Parts
- Services
- $551 million in total output & 5,442 overall employment arises from the work of loggers in Maine

Challenges and Opportunities

Our Challenges

- Increased Operational Costs – Minimal Rate Increase
- Reduced Markets
- Low Profitability = Tight margins = Running on Equity
- Longer hauls
- High Workforce Demand = Low Workforce Supply
- Contractors are going out of business and increased fiber costs are not a result of contractor wealth.

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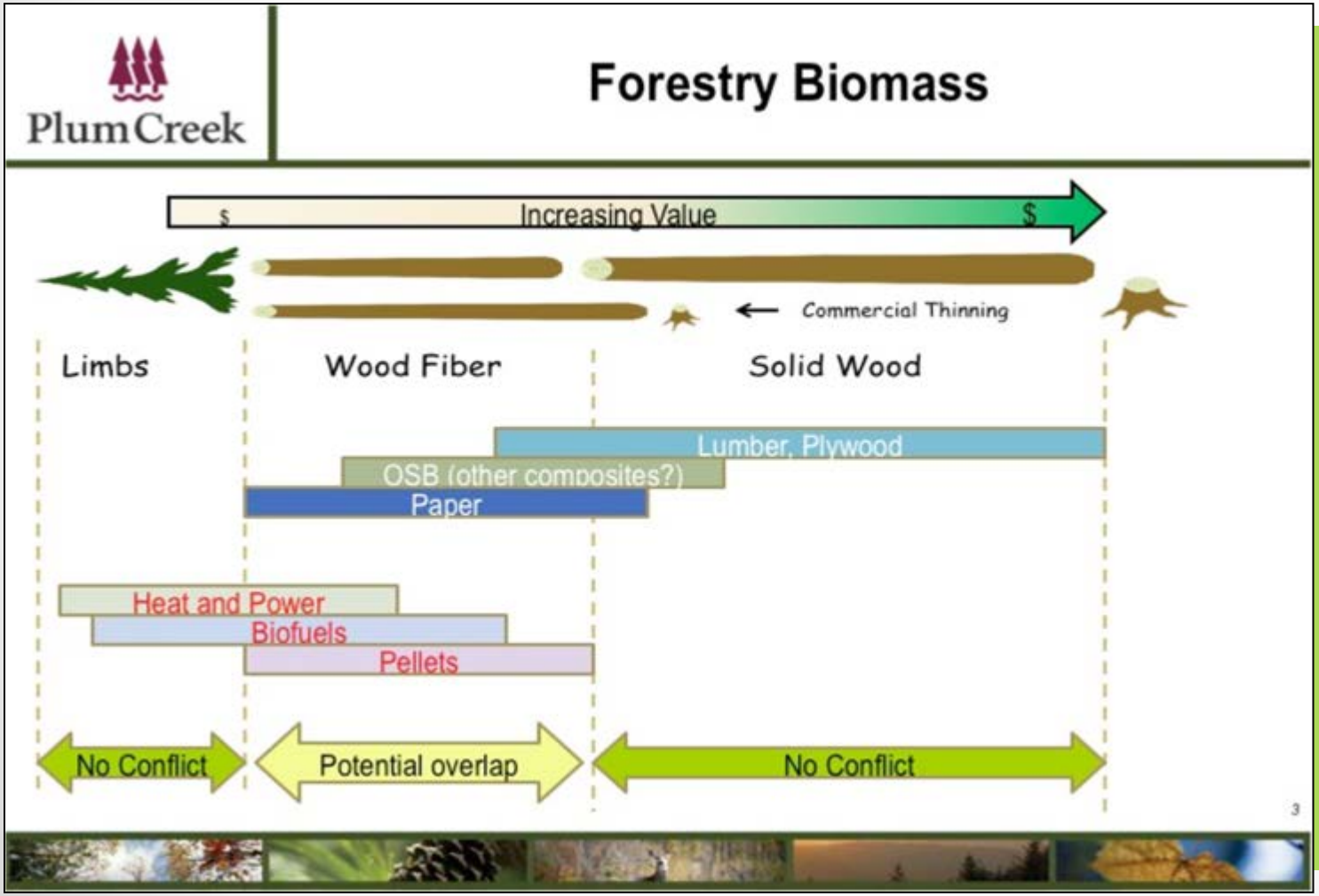
Benefits/Consequences of Biomass

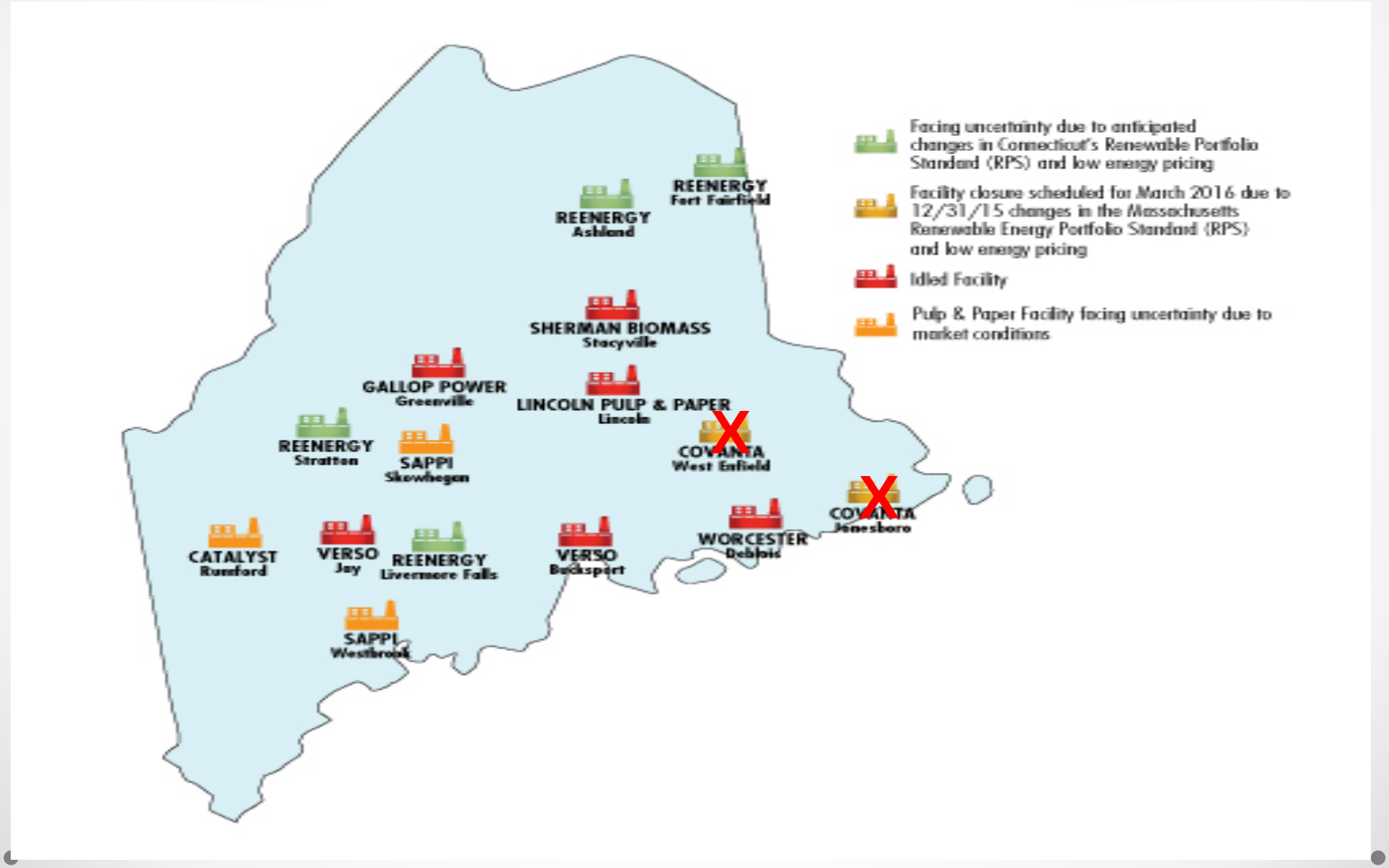
- 195 MW biomass generation = 900 logging and trucking jobs with contractors
- Enhances forest health, encourages forest growth and regeneration
- Serves as an end market for low-value forest material and residue for loggers, landowners and mills
- Keeps value chain intact, facilitates manufacturing, avoids layoffs
- What happens to 2.5 million tons of residue that cannot be consumed by the biomass electric facilities?

Complimentary Markets



Biomass power uses lower-value fiber, including bark and other waste from pellet mills, sawmills, and pulp & paper mills

Biomass Power in Maine



Our Recommendations for Biomass Market Sustainability and Expansion

Legislative Changes to Incentivize Market Development

- Create a biomass energy policy that fits within the state's Comprehensive Energy Plan
- Enact RPS reform:
  - Create a thermal class similar to MA and NH to incentivize increased biomass use for thermal
  - Extend RPS targets beyond 2017
- Amend laws to enable/encourage co-located systems that cross public rights-of-way
- Enact a policy that encourages net metering/micro-grids and distributed generation. This will lower long-term T & D costs and incentivize manufacturing growth.

Economic development

- The PUC or Maine's Energy Office should conduct a holistic analysis on the cost/benefit of biomass for electric and thermal at current and future.
- Create incentives for new CHP investment and district heating
- Support of biomass in other New England RPS programs
- Create incentives for fuel switching for thermal in commercial, institutional and industrial.
- Promote local wood = local good. Get Real Get Maine.
- Circulate 90% of money spent on heating within the economy rather than exporting it.

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