WRITTEN STATEMENT FOR THE RECORD

TOM TROXEL
DIRECTOR, BLACK HILLS FOREST RESOURCE ASSOCIATION
RAPID CITY, SOUTH DAKOTA

BEFORE THE FIELD HEARING OF THE
UNITED STATES SENATE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
SUBCOMMITTEE ON ENERGY, SCIENCE AND TECHNOLOGY

TRANSFORMING FOREST WASTE TO BIOFUELS AND THE RENEWABLE FUELS STANDARD

AUGUST 18, 2008

I. INTRODUCTION

Good afternoon, Senator Thune. I am Tom Troxel, Director of the Black Hills Forest Resource Association, a trade association representing the forest products companies in the Black Hills. There are approximately 16 primary forest products companies and 12 secondary forest products companies in the Black Hills, with 1,600 employees and contract loggers and truckers, and $180 million in value of products produced. On behalf of our members, I appreciate this opportunity to testify today.

By defining "renewable biomass" in the Energy Independence and Security Act of 2007 to exclude most woody biomass from our nation's forests, Congress missed a tremendous opportunity to proactively contribute to our nation's energy independence, the health of our forests, improved air quality, reduction of greenhouse gases, improved watershed health, reduced risk of forest fires, and the economic viability and diversity of local communities.

The Renewable Fuels Standard requires the use of 36 billion gallons of renewable fuels annually by 2022; of those 36 billion gallons, 16 billon gallons must be cellulosic biofuels, a product that can be manufactured from, among other things, woody biomass. Woody biomass is essentially any tree or part of a tree, including the trunk, limbs, tops, roots and foliage. In its broadest sense, woody biomass would also include recycled paper and wood products.

There are significant opportunities to utilize woody biomass to contribute to our nation's energy needs, and I question whether or not the United States can achieve the 16 billion gallon Renewable Fuels Standard mandate without utilizing woody biomass. The problem, however, is that the Renewable Fuels Standard definition of renewable biomass excludes nearly all woody biomass that could be used to produce cellulosic biofuels.

For purposes of discussion, I've broken woody biomass into three categories, sawmill residues, logging slash and submerchantable trees:

<u>Sawmill Residues</u>
Disposal of sawmill residues, including sawdust, shavings, bark and chips, can be a significant challenge for sawmills. Not too many years ago, every sawmill had a teepee burner, where all of those residues were burned. Fortunately, we can now utilize most of those residues, for products like particleboard, animal bedding, landscaping, and wood pellets. In some cases, secondary businesses depend on those residues for their raw materials, most notably, Merillat Industries, which uses sawdust and shavings to manufacture particleboard and kitchen and bath cabinets. However, about 200 railroad cars of wood chips are still shipped to a pulp and paper mill in Longview, Washington each month, at considerable expense in freight and energy costs.

<u>Logging Slash</u>
A by-product of logging is the limbs, tops, and unmerchantable portions of the trees that are cut, generally referred to as slash. The majority of the logging in the Black Hills

utilizes mechanized logging equipment for felling, skidding, and limbing. The slash is piled on the landings for later burning at a significant cost to the landowner. Every slash pile that is burned is energy produced, but wasted. Utilizing this slash for energy production would reduce management costs, increase revenues, and significantly reduce emissions compared to pile burning.

Submerchantable Trees

Thinning is an important silvicultural treatment to improve vigor and growth of trees and to reduce the risk of fires. However, thinning is very expensive, in large part because there is little to no associated revenue due to the lack of markets for small trees. One of the major challenges for forest management is how to accomplish, and pay for, removal of small or otherwise unmerchantable trees that are not usable for lumber. New markets for these small trees would benefit all forest landowners.

The recent fires and mountain pine beetle epidemic in the Black Hills NF are symptoms of an overstocked forest combined with a period of severe drought. The majority of the Black Hills NF is rated as moderate to high fire risk, and the mountain pine beetle epidemic continues to spread in our forests. Annual forest growth in the Black Hills NF is about twice the rate of harvest. Increased utilization of woody biomass could help reduce the long-term risk of forest fires and mountain pine beetles, as well as the associated costs and indirect effects.

Congress appropriated $1.2 billion in FY 2008 for Forest Service fire suppression costs, but the Forest Service's most recent estimate of actual fire suppression costs is $1.6 billion. Rather than continuing to spend more and more funds on fighting fires, taking proactive steps to keep our forests healthy and increase their resistance to catastrophic crown fires makes good sense.

The sawmills in the Black Hills process logs from a mixture of federal and private lands. If woody biomass originating from federal lands does not contribute to the Renewable Fuel Standard, then for all practical purposes, the likelihood of producing cellulosic biofuels from woody biomass is very slim. On the other hand, if Congress could enact a more inclusive definition of renewable biomass, the large quantity of woody biomass originating from the Black Hills NF could provide 'anchor volume' for utilization of woody biomass from other forestlands.

According to news reports, concerns about "mining" the national forests for biomass were a major reason for the Energy Bill's constrained definition of renewable biomass. The Natural Resources Defense Council's website discusses the national forests as being "at risk of being mined for biomass", states that "proposals to use 'thinnings' from national forests do not make economic or ecologic sense" and that the biofuels produced, "if feasible at all, could come at the expense of degraded forests and would establish an unsustainable industrial demand for continued commercial exploitation of public resources."

I strongly disagree. Like all national forests, the Black Hills NF is sustainably managed according to an in-depth forest plan that has been exhaustively prepared in accordance with the National Forest Management Act. The forest plan contains management strategies and direction for sensitive areas, wildlife habitat, snags, and other environmental protections. Instead of acknowledging the direction in the forest plans, the Renewable Fuels Standard definition of woody biomass simply prohibits utilization of slash, mill residues or submerchantable trees from federal lands from being utilized for renewable energy.

I want to compliment you Senator Thune, for your leadership on this issue, specifically S. 2558, which would modify the definition of 'renewable biomass' with regard to federal forestlands. We support that bill. We would also support language to further modify the definition of renewable biomass with regards to private forestlands, similar to the definition of renewable biomass in the 2008 Farm Bill.

Ideally, that would provide opportunities for local businesses to expand and diversify their utilization of sawmill residues, and to explore better utilization of slash and submerchantable trees in consultation with the Black Hills NF, all with the objective of supplementing, not replacing, the existing uses of wood in the Black Hills.

Biofuels has the potential to add value and reduce the costs of removal. With the possibility of increased revenues, or at least reduced costs, we could expect better forest management by all forest landowners. By expanding the definition of renewable biomass and adding value to forest products, Congress would simultaneously contribute to better forest management and increased energy independence.

If renewable fuels are important to our energy security strategy, then let's be realistic, and let's utilize the potential contributions of woody biomass from our forests. If we genuinely intend to produce 16 billion gallons of cellulosic biofuels, then utilizing low value, sustainable woody biomass from our forests will reduce pressure to utilize alternate feedstocks from sensitive lands elsewhere.

Again, modifying the Renewable Fuels Standard definition of renewable biomass would allow better utilization of woody biomass to reduce dependence on foreign oil, keep good jobs in the United States and the Black Hills, reduce the risk of fires and keep forests in the Black Hills healthy and green, contribute to healthy watersheds, and strengthen and diversify local businesses and communities.

This concludes my prepared statement. I appreciate the opportunity to testify today, and I would again like to thank Senator Thune for his leadership on this important issue.