



Making Biomass Viable for Future



By Danny Dructor

As professional timber harvesters we understand the importance of biomass energy to the future of our industry. Not only does it help open and expand markets for our businesses, it helps makes operations and logging jobs more economical.

Yet the future of the biomass industry is uncertain given the current regulatory environment and the fluctuating costs of natural gas and other energies. As companies consider making large investments in new or existing biomass facilities, they need stability and certainty to ensure those investments pencil out.

Earlier this year the U.S. Congress took the first step toward providing that needed stability and certainty. The 2017 Omnibus Appropriations bill included language clarifying federal regulatory policy to reflect the carbon-neutrality of forest-based biomass, a policy that ensures biomass plays a part in government energy standards.

But that is probably not enough. The Biomass Power Association wants to go further to make this renewable energy more viable, as well as promote and protect the development of facilities throughout the country.

At the ALC Spring Fly-In BPA's Bob Cleaves asked us to support the reintroduction of legislation to extend the Renewable Electricity Production Credit ("PTC") for existing "open loop" biomass facilities for the 10 year period that was originally granted for new facilities. The legislation is expected to be brought forward by U.S. Sen. Bob Menendez of New Jersey with bipartisan co-sponsors.

The PTC works as an income tax credit allowing for the production of electricity from qualified energy resources at qualified facilities, which can be used by the facility or the power purchaser. Those that commenced construction prior to December 31, 2016 were eligible to claim the PTC for 10 years after the qualifying facility is placed in service, but that provision has now expired with no extension.

The PTC also offered different benefits for certain open- and closed loop facilities, which only served to favor some industries over others. A multi-year deal would help correct the tilted policies that have awarded some renewable technologies billions of dollars – helping them become independently successful – and others a small fraction of the PTC.

Many biomass facilities began production decades before the PTC began – meaning that they haven't had the opportunity to qualify for the full 10-year credit received by newer technologies. Additionally, low natural gas prices are making it difficult for utilities to sign new contracts with biomass facilities. The extension of the PTC to biomass facilities would help offset the cost of fuel, keeping the supply chain operating. It would also help keep loggers employed by preserving an important revenue stream.

Stay tuned for more updates on this proposed legislation. Here at ALC, we are looking forward to seeing the language of the bill, and we will keep you informed of the bill's status and other opportunities to support the biomass sector.

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