

Governor's Wood to Energy Task Force

May 14, 2008

MINUTES

Members of the Task Force:

Les Otten, Chair, Maine Energy Systems LLC
Pat McGowan Commissioner, Dept. of Conservation
Chip Gavin Bureau of General Services
Bill Strauss FutureMetrics
Charlie Agnew Biomass Commodities Corp.
George Soffron Corinth Wood Pellets
Keith Van Scotter Lincoln Pulp and Tissue
Jim Delamater Northeast Bank
Dale McCormick Maine State Housing Authority
Wick Johnson Kennebec Tool & Die
Patrick Strauch Maine Forest Products Council
Ian Burnes Maine Office of Energy Independence
Ed Miller American Lung Association of Maine
Jack Cashman Governor's Office, Senior Economic Advisor
Charlie Spies CEI Capital Management LLC
Bill Bell Maine Association of Conservation Districts
Doug Baston Small Woodlot Owners Assoc. of Maine
Peter Triandafillou Huber Resources Corp.
John Kerry Office of Energy Independence
Dana Connors Maine State Chamber of Commerce
Hemant Pendse Prof & Chr ChB Eng Dept, UMaine
Doug Gardner Prof. of Wood Science, UMaine
Doug Smith Retired Attorney/State Senator

Jon Hinck Attorney/State Representative

John Fitzsimmons Maine Community College System

Dutch Dresser Maine Energy Systems LLC

Sean Mahoney Conservation Law Foundation

Paul Davis Plum Creek Timber Company

Previous Meeting Minutes

Accepted

Introductions of Task Force members, Proxies and Interested Parties

Next Meeting and Public Hearing

Wednesday, May 28, Location TBA. Press releases will be sent out early next week announcing the Public Hearing and publishing the mission statement. A regular meeting of the Task Force will take place 3-5 PM, with the Public Hearing following at 6-8 PM.

At the Task Force meeting, FAME and SBA will be presenting information on loan programs; and the Dept. of Conservation will be presenting their report.

Les Otten

We will continue to take comments on the consensus document as well. Many comments were received via email and we will take other comments right up until the public hearing.

Les discussed some of the first points made in the consensus document:

After six meetings of the Governor's Wood to Energy Task Force, there are a number of issues on which there is member consensus. The nature of this critical time in Maine's history has become ever clearer as the meetings have unfolded. All members of the Task Force seem genuinely concerned about the plight of Maine citizens and about their dependence on oil for residential heating.

- *Maine has the highest dependence on home heating oil of any state in the nation.*
- *Maine residents spent \$1.375 billion last year for #2 heating oil.*
- *The current increase in heating oil prices will add more than \$400,000,000 to that already staggering sum.*
- *The largest proportion of the greenhouse gas CO₂ that Maine adds to the atmosphere comes from residential heating, not from commerce, not from industry, and not from transportation.*
- *There are residential wood pellet fired boilers and commercial wood chip boilers available for Maine citizens and industries.*
- *In the long term there is ample wood supply in Maine and regional forests to reduce the dependence of oil to fuel those boilers sustainably.*
- *The ultimate capacity to grow fuel in addition to harvesting our forests is yet to be determined.*

These factors suggest a substantial opportunity to begin to address this crisis aggressively before our citizens face another long, cold winter.

In anticipating support for that opportunity, the Task Force agrees that in the most highly forested state east of the Mississippi, we must protect our wood resources for our important forest products industries and paper mills, and establish the necessary programs to support foresters as they increase the production rates of our working forests. Maine can be proud of the sustainability of its forests and excited about opportunities for making those forests more productive as they become a source of energy for heating a growing number of Maine homes.

Learning from the manufacturing, distribution and use of wood pellets in Europe, we have the necessary expertise, technologies, and training in Maine now to begin the transition from our dependence on oil to increased use of wood pellet boilers for residential heating.

Bill Bell

Bill reviewed the three main points he emphasized in his written comments about the consensus document:

We must promote conversion of public buildings to wood heat. A quote used is that conversion of public buildings to wood heat is the “obvious low-hanging fruit”. The Task Force should recognize and promote the ongoing efforts to pick it.

Residential conversion to wood heat should mention wood pellet stoves as well as pellet-burning central heating systems. Peter Chapman of Paris Farmers Union, a major Maine retailer of bagged pellets, advised me last week that this is a major growth product. Everyone I talk to knows people who are “really pleased” with the oil savings achieved with supplemental pellet stove heating.

Drop references to research on cellulosic ethanol from switchgrass and elephant grass. UMaine should concentrate on the very promising research it is doing on products from our forest industry. Leave switchgrass, which is a prairie ecology crop probably not suited to Maine’s relatively heavier rainfall, to the excellent research being done at SUNY College of Environmental Science and Forestry. Elephant grass is perhaps more suited for our region, but requires a lot of acreage, found only in Aroostook County where canola is a more promising biofuel. Willow and poplar are more realistic crops for Maine to consider.

Les Otten

The state is already working on the conversion of public buildings and Chip Gavin has been consistently informing us of that excellent effort.

Chip Gavin

Wood pellets in particular are at the heart of this discussion. The Task Force needs to define “public buildings”. Wood pellets definitely have a role in public buildings. But rather than stretch the energy of the Task Force on both public buildings and residences, we should leave those efforts (public building

conversion) to the Dept. of Conservation and keep the concentration of this Task Force on residential structures.

We also need to acknowledge that wood is a part of a solution to our dependence on oil, but not a silver bullet. There are other forms of alternative energy that we can aim for; our final report should at least mention the other forms while still concentrating on wood as a fuel in Maine. We should acknowledge that we recommend wood pellets in the context that there are other alternatives being looked at.

Patrick McGowan

The Task Force running parallel to this one is looking at the conversion of public buildings. They met with the Maine Municipal Association – there are well over 1,000 publicly owned buildings identified within municipalities, and 1/3rd of those buildings could be compatible to a wood pellet conversion.

We don't want to rule out chips for possible gasification, for campuses, etc. Also, The University of Maine alone has many buildings that could be pellet-eligible.

There are some buildings ready now and the Dept. will report to this Task Force exactly what they are doing – data will be shared with this Task Force at the next meeting.

Dutch Dresser

Since the announcement of Maine Energy Systems, we have fielded lots of calls from all sorts of different sectors, including some that could be defined as public buildings. It would be interesting to look at what regulations and laws there are that we would need to address when looking at these types of conversions.

Karin Tilberg

For the purposes of the Task Force final report, it may be helpful to just put in a statement as to what the Dept. of Conservation and Bureau of General Services are doing on the conversion of public buildings, especially since there are conversions taking place now.

Ed Miller

Public buildings play a critical role in terms of public education and leadership on this issue. It would be a huge mistake to leave out the role of state and local government as leaders on energy efficiency and conversions – we need to include that information in the final report.

We do not want to degrade air quality. Converting 10 percent of homes over a 10 year period lends itself to the scenario that it will be a diverse effort of many different forms of alternative energy forms.

Les Otten

We are acknowledging that we are only part of a larger solution. But, oil prices are going up and up and up so we are in an economic crisis. We have a single task and have worked hard to look at the reasonability of the goal of replacing 10 percent of Maine homes with wood pellet heating systems.

Remember that one of our concerns is making sure we reach our goal without adversely affecting our pulp and paper industry. We'll be looking at the wish list from the landowners which we received at the last meeting as well.

Ian Burnes

It's important to recognize that transportation is the #1 contributor to greenhouse gasses, not residences.

Fuel switching is not the primary goal – it should be conservation and efficiency. The goal that needs to be emphasized is not burning as many BTUs.

We need to be very clear that efficiency is our number one goal.

Bill Strauss

Maine is the biggest producer in terms of residential release of greenhouse gasses. Yes, transportation contributes at the highest level; but residential release is higher in Maine than in any other state. And we are the most dependent state on home heating oil.

Les Otten

There is a difference between conservation and efficiency. We need to define each term.

Ian Burnes

We need to insulate houses better, we need to lower our thermostats.

Dale McCormick

This Task Force is happening during a unique moment. We are hearing all the concerns due to the crisis at hand – so we are trying to deal with a general voice. Specifically, we need to concentrate on two things: (1) we are talking about heating our homes and buildings (2) we stipulate that the #1 thing that homeowners can do immediately is buttoning up their homes, caulking, filling up those holes. Then also look at alternative forms of energy.

Les Otten

We can open our report with those types of statements. However, we are the Wood to Energy Task Force, so we need to stipulate what we are going to do to promote wood energy as part of the solution to the energy crisis.

Chip Gavin

I agree with Dale's comments. The caveat however is that at the end of our process, if the Task Force makes a recommendation of using public dollars (for converting public buildings) to promote wood as a heating system we must promote conservation and efficiency. It would be tough to make that ask

without acknowledging the importance of buttoning up the buildings first. Don't throw money away on inefficient homes or buildings.

Chris Howard

In making recommendations, it will be important to put in conservation and efficiency language.

Ian Burnes

...as a priority.

Ed Miller

If we wait until homes are made efficient before we promote alternative energies, we'll be waiting a long time. These are not mutually exclusive – we need to do both simultaneously in order to move forward.

Patrick McGowan

Maine has the oldest housing stock in the nation – we should have another Task Force to address that. Look at our old, drafty buildings. Converting to wood pellets now will still save money; but it would save more money if they button up that building first. But, either way, money will be saved for the consumer.

Analogy: teen smoking. Maine has the lowest level of teen smoking now due to all the hard work of the private and public partnerships to educate teens on the dangers of smoking. This is an excellent example of how this type of partnership and movement forward and education can work in Maine.

We need to start with demand and the supply, then recommendations for change, to address the crisis we are in – high oil prices are budget busters and must be addressed immediately.

Ian Burnes

Absolutely – but the timing of this Task Force is that this will be seen as the voice of government and people will be looking to this Task Force for specifics on how to fix the crisis before the next winter. But fuel switching alone will not be the answer – we must emphasize the importance of conservation and efficiency.

We must get people to burn less BTUs, or else fuel switching won't work as well.

Commodity prices are enormously volatile – we don't know what costs will be in the future.

We must not recommend subsidies on alternative fuels when the commodity prices are so unpredictable.

Les Otten

Yes, efficiency is incredibly important, but we must not walk away from the fact that there are materials in our back yard that we must use to heat our buildings. These things are not mutually exclusive.

Also, we are not recommending subsidies for residences.

Patrick McGowan

The subsidies come into play with public buildings.

Karin Tilberg

Seeing this laid out will help make this all clearer. Wood to Energy is an option in the context of recommending conservation and efficiencies.

Dutch Dresser

How will this Task Force be seen as the voice of government? We are informing ourselves about a fuel transition for some Mainers. The Task Force consists of many voices, not just government.

Dale McCormick

Let's use as an example the MSHA rule which is that efficiency must come first (fill in those holes) before the fuel conversion takes place.

Ed Miller

But we don't want to wait for conversion until efficiencies are realized. That would just take too long and we are facing a crisis now. Again, these efforts (efficiency and conversion of systems) are not mutually exclusive.

Les Otten

If we were to open our remarks from a consensus standpoint –

The number one goal of any Task Force dealing with our energy crisis is to educate Maine people on the importance of energy efficiency.

The first thing you need to do is become more efficient, then become more conservative, combining that to switch to an alternative fuel source. Wood pellets could be a piece of that solution. On the heels of our report, a Task Force should be convened to deal solely with the issues of efficiencies and conservation.

George Soffron

Everyone is correct – this Task Force has an opportunity to do a great good for the public. We must remember that the final report headline will be the thing the press picks up on and what people will

remember. Do we want the headline to be about conservation and efficiency or about the specific savings people can realize if converting to an alternative energy form.

What do we want the first headline to be on the report – as that will be what people remember.

In terms of encouraging people to burn more wood in their stoves, we don't want everyone to run out and buy wood stoves as those stoves do pollute.

Bill Strauss

Subsidies on the demand side cause many problems; although subsidies for low income families make sense.

Les Otten

Where are we with the difference constituencies –

The Forest Products Industry includes landowners, users of the land (loggers) and the pulp and paper industry. Also, we have folks who make pellets. We have people concerned with co2 emissions which we all agree must go down; we have the environmental community; we have government . We must all be honest enough, setting our personal agendas aside, to find middle ground.

The last two meetings have been spent on how to help the forest products industry. Now we need to look back in terms of all the constituencies on how to move ahead. The recommendations we need to focus on:

- Efficiency
- Conservation
- Conversion to clean, efficient wood to energy alternatives
- Sustainability of our forests
- Increasing the productivity of our forests
- Free market for changed fuel sources

Pat Strauch

About 15 percent of the wood in Maine goes to biomass energy. We must remember that, in terms of generating electricity.

Wick Johnson

I do think we have consensus – we must lay out a realistic goal with benchmarks. Be specific. Don't move forward with a bunch of theories.

Ed Miller

There already is a lot of wood to energy in Maine, but many are not clean (outdoor wood burners). So, we must divert wood to energy through efficient, clean venues such as pellets. There are 4,000 wood burners in Maine and they are polluting our air.

People spent between \$6,000 - \$12,000 to buy and install those outdoor stoves. And they pollute. That's a model of how not to do this.

Les Otten

Do we need to recommend that we create standards for transferring to alternative energies?

Ed Miller

There are standards and regulations now in other states.

Rosaire Pelletier

Feedstock and infrastructure issues must be looked at; there is plenty of material out there, but the infrastructure is the problem. The logging industry and the trucking industry are dying in Maine and the Task Force must address these.

Chris Howard

The issues are: Conservation and Efficiency; Diversification of Maine's residential fuel mix; Wood Pellets are an important part of the overall solution; Infrastructure is important; we have the initial list of consensus items - what's missing are recommendations.

At some point, the Task Force needs to make pointed recommendations.

Ed Miller

I agree 100 percent. The goal of 10 percent of Maine homes within 10 years is a solid, good goal.

Les Otten

Yes, we need to have specific goals so we don't threaten anyone. We've looked at the threats to all the constituencies and now can be consistent with our recommendations.

Karin Tilberg

What do Pat and John feel about the 10 percent in 10 year goal?

Pat Strauch

The thing to realize is that we do have to look at the reality of mills shutting down for a variety of reasons. A specific goal is a good way to go, with benchmarks to make sure we are meeting that goal.

Les Otten

Remember: we have 3 locations in Maine now manufacturing pellets. They can export to Europe if they want to. 300,000 tons a year will be their output. We are also feeding the manufacturing plant in Berlin, NH. Wood from Maine's forests are going there. There are 700,000 tons across the border in Canada.

Pat Strauch

Saying there's ample supply of wood is not a comfortable statement for the forest products industry. Instead, I would recommend saying in the report: "It's reasonable in the long run"

Les Otten

We are not going to make an open-ended recommendation; the goal will be detailed and the timeline will be specific.

We must look at the concerns of the environmental community also, in terms of modernizing logging practices and their implications on the footprint and environment.

Pete Didisheim

We need more detail about infrastructure before we can move forward.

Looking at the bigger picture, this Task Force should look at the work of the Wind Power Task Force. You could use their report as a model. The goals of the Wind Power Task Force parallel what this Task Force is doing.

The Wind Power Task Force was looking at fundamental issues are well – how to get off dependence on foreign oil and how to balance economic development with environmental concerns.

Maine has used wood to energy for centuries – it's not a new idea. But what is important is to come to an understanding of what is the optimal level of wood we must use to meet our goals and how to deal with optimal harvesting for the necessary amount of wood.

Les Otten

The Governor would like some public money available to assist municipalities in converting old, inefficient buildings to wood pellets and other alternative and efficient forms of energy.

Under the umbrella of our main goal, we must put forward our specific recommendations.

John Williams

What about other potential uses of wood? This has become about pellets and the Task Force should be looking at other uses are well. Yes, we'd be comfortable with 10 percent of homes converting to wood pellets.

Les Otten

We need to find better uses of the pre-commercial thinning products; we need to be looking at all other forms coming out of residual wood – those are very important and are not to be dismissed – but pellets are more readily available. We also need to continue the conversation about what to do with dirty wood.

Karin Tilberg

It's important to recognize the complexities of the forest products industry when discussing the simplicity of the goal.

Pat Strauch

Still not sure of the specific number – 10 percent in 10 years. Is it policy-directed or market-directed?

In discussing biomass, remember that biomass energy chips are subsidized by credits – the biomass industry is a concern of the pulp and paper industry due to subsidies which don't create a level playing field.

Les Otten

We do recognize that subsidies can be an issue.

Ed Miller

We have been focused a lot on pellets. Most wood to energy right now is burning wood in a wood stove. Is it important for us as a Task Force to say something to that group?

Pete Didisheim

This Task Force has concentrated on wood pellets. You should look at other forms of wood uses that could be most beneficial in connection with a broad range of Task Force goals.

Jon Hinck

What are the free market advisors telling us about the ten percent figures? The dirty wood is more interesting to look at as there's not as much competition for the dirty wood.

How do we know if the ten percent is a good figure, especially if we are suggesting policy based on that figure.

Les Otten

Taking my chairman hat off, my own personal beliefs are that with the total wood basket – Canadian, Maine and rest of New England - Maine is just a small subset of the wood basket. Waste wood for pellets are being manufactured in Canada and coming to Maine. But there are also 400,000 tons of white, round wood available to use for pellets.

The dirty wood has a promising future, but needs more research. Good with BTUs but has high ash content. Also, we need to look at how to get it out of the woods in an efficient manner.

Therefore, the ten percent goal is very reasonable in the context of the entire wood basket.

Bill Strauss

Our concentration is on getting Maine people off our reliance of oil. People burning with wood stoves is an issue, certainly, but that's not within the scope of this Task Force. Our scope is how to get people off foreign oil.

Nick Bennett

Can we see data on the difference between wood pellet boilers and other forms of burning mechanisms.

People are buying wood stoves and the Task Force should look at some of those comparisons.

Ed Miller

Ed has that information and will present it at the next meeting.

Karin Tilberg

What will be the pattern of use moving to wood to energy just on its own? What would the market do on its own?

Rosaire Pelletier

The Poyere study should be mentioned in this report; it will be very helpful data; however, it is a 26 week study; so won't be ready in time for this report.

Les Otten

Based on private sector research, 92 percent of Mainers in January 2008 were willing to consider alternatives to heating oil. When asked about alternatives – 64 percent of Mainers said they would be willing to change to new technologies.

Reminder for next meeting, May 28, to continue submitting comments about the consensus document. We have received very helpful and thoughtful comments to-date and we'd like to receive more.
