



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

JOHN ELIAS BALDACCI
GOVERNOR

October 21, 2008

Re: Panel on Optimizing Wood Harvesting in Maine - Membership

I am writing to ask you to serve on a panel of wood user experts to develop a greater understanding of the causes and possible solutions to increased demand for wood fiber. Increased demand has translated into higher prices for Maine wood in a manner that has increased conflicts among wood users.

The good news is that in the long run, Maine has available a great amount of wood and that the supply of wood from Maine's forest is adequate to meet current and many future demands. For example, the September 2008 Report of the Wood-to-Energy Task Force evaluated this issue and determined that there is currently a growing inventory of wood that can be sustainably harvested to meet increased demand for heating buildings in Maine. I have attached a copy of the report for your information.

The Report called on the government to "act to facilitate the sustainable supply of wood and wood fuels to meet demands for all stakeholders that depend on Maine's most valuable renewable resource." The Report listed a number of recommendations for how to accomplish this goal. Key among them is the recommendation for a new panel to be formed with the specific mission of creating a strategic plan for optimizing Maine's harvesting infrastructure. As stated above, I am writing to ask you to serve on this group that will be known as the "Panel on Optimizing Wood Harvesting in Maine". I have listed below the proposed members of this panel.

- Jim Contino, Verso Paper
- Nick Bennett, Natural Resources Council of Maine
- Nathan Hebel, Boralex, Inc.
- Rosaire Pelletier, Department of Conservation
- Patrick Strauch, Maine Forest Products Council
- Alec Giffen, Maine Forest Service
- Sandy Brawders, Northeast Master Logger Certification Program
- Les Otten



I will direct the panel to pursue the recommendations set forth in the Report as well as the following policy directives:

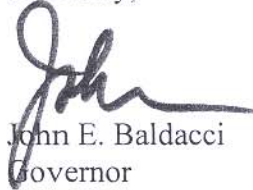
- Review the effect of the Renewable Energy Credits for biomass electricity and to research the benefits of strengthening requirements for meeting sustainability criteria.
- Work with the biomass energy sector to obtain assurances that their wood procurement strategies ensure Maine's commitment to sustainable forestry and encourage appropriate wood utilization.
- Develop voluntary guidelines for biomass utilization that:
 - Promote commercial harvesting of undesirable growing stock as a timber stand improvement tool and as feedstock for the biomass to energy market;
 - Promote proper sorting and utilization of harvested wood products that preserve the value chain in the market and improve economic returns to landowners and loggers; and,
 - Are compatible with biomass retention guidelines currently in development by the University of Maine in conjunction with the Maine Forest Service and the Trust to Conserve Northeast Forestlands.

These guidelines will be tested and modeled on public lands and promoted for use on private lands.

- Invite the major wood processing facilities (pulp mills, sawmills, biomass to energy plants, pellet plants), major landowners, and loggers to support an initiative to ensure sustainability of Maine's woods products harvests based on updated growth and removal data, assessment of trends and concerns relative to biomass (fuel wood) consumption, and regular forecasting of future fiber supply. Panel can benefit from the BioEnergy Study to be published in November, 2008 by Price-Waterhouse.
- Begin a targeted effort to reach out to the lending industry (including FAME and other public finance authorities) to encourage lending authorities to better market existing programs and/or create new programs to help capitalize new logging businesses and expansions of existing logging businesses. A model for this is the Direct Link Loan Program administered by MFS, Maine Municipal Bond Bank, and DEP. The lending industry should set clear, ambitious goals for ensuring there is a robust, healthy wood harvesting industry in the state.
- Encourage logging equipment manufacturers to develop smaller, more fuel-efficient harvesting machinery that can work in stands of smaller trees and on smaller woodlots where big machines don't operate efficiently and/or are not accepted by the owners of these woodlots.
- Coordinate a study in partnership with state agencies and academic institutions, that examines the relative costs, benefits, and gross economic impacts of the various wood-using industries in the state.
- Explore non-regulatory measures to encourage new wood users to locate in areas of the state where competition for wood is less intense.

I will be asking this panel to provide me with recommendations for legislation or other Administration action by March 1, 2009. I have appointed Alec Giffen of the Maine Forest Service to chair this panel. In addition, Lance Boucher, my Senior Policy Advisor, will staff this panel. They will be contacting you soon to ascertain your interest and to set up an initial meeting. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John", with a long horizontal flourish extending to the right.

John E. Baldacci
governor

cc: Lance Boucher, Senior Policy Advisor
Alec Giffen, Maine Forest Service

Attachment