



**American
Forest & Paper
Association**

www.afandpa.org

Renewable Energy & the Forest Products Industry

The American Forest & Paper Association (AF&PA) is the national trade association of the forest products industry and advances public policies that promote a strong and sustainable U.S. forest products industry in the global marketplace. The industry is an integral part of our nation's green job base and generates approximately 6 percent of the total annual U.S. manufacturing GDP.

AF&PA's member companies make pulp, paper, packaging and wood products, and own forest land. Our companies make essential products from renewable and recyclable resources that sustain the environment. Nationwide, the U.S. forest products industry:

- Employs more than one million workers — on par with the nation's automotive and plastics industries.
- Provides green jobs that reduce greenhouse gases by sustaining the forests that absorb carbon dioxide; making the paper and wood products that store it indefinitely; generating and using more renewable energy than anyone else—28.5 million megawatts annually, enough to power 2.7 million homes; and recycling paper to avoid methane emissions and reduce waste.
- Is among the top ten manufacturing sector employers in 48 states.
- Is a significant taxpayer, paying approximately \$7 billion annually in federal, state, and local taxes.



The forest products industry is the leading producer and user of carbon-neutral, renewable biomass energy and produces more energy from biomass than all the energy produced from solar, wind, and geothermal sources combined.

Forest Products Facilities Lead in Renewable Energy Production and Use

- Our energy is carbon neutral.
 - Forests and forest products absorb and store carbon dioxide equal to 10 percent of annual U.S. carbon emissions.
- Our energy is renewable.
 - Unlike coal, oil or natural gas, trees and the wood they provide grow back.
 - On average, paper and wood products mills generate 65 percent of their energy needs from renewable biomass.
 - Our increasing use of renewable energy has allowed the industry to reduce its use of carbon-intensive fossil fuels and purchased energy per ton of product by 56 percent since 1972.
- Our energy is sustainable.
 - We ensure that the wood fiber we use is grown in a sustainable manner. In fact, thanks to our historic commitment to sustainable forestry practices, there are more forested acres today than there were 50 years ago.
 - Our historic commitment to renewable energy and sustainable forest management demonstrates that a balance between the two is both possible and necessary.
- Our energy is efficient.
 - We are leaders in highly efficient co-generation of electric power, both for internal use and for sale to the power grid.
 - In 2005, virtually all the industry's electricity was co-generated (98% for pulp mills and 96% for wood products mills) and on average 65 percent of that electricity was generated from renewable biomass.

There are Unintended Consequences for the Forest Products Industry from Mandates and Incentives for Renewable Energy Production

- Government policies to encourage additional renewable energy should not create winners and losers between existing renewable industries and new power generation.
- The US forest products industry operates in a globally competitive marketplace and cannot pass on higher raw material and energy costs to customers and stay in business.
- As government policies increase the demand for biomass-based power, forest products companies must compete for wood biomass against utilities that have the ability to pass on fuel costs directly to their customers.



- Additional pressure on forest products manufacturing facilities could threaten the survival of the largest industrial generator of renewable electricity in America and result in less, rather than more, renewable power for our nation.
- Unlike wind, solar and geothermal, wood biomass has multiple uses, serving as both a carbon-neutral energy source as well as the raw material for value-added manufactured goods such as paper, packaging and wood products.

Proposed Solutions

- Solutions are available that advance the goals of renewable energy and prevent unintended harm to the industry, its workers and the economy.
 - As policymakers develop proposals to hasten an economic recovery, we urge them to preserve existing "green" jobs in the forest products industry by providing equal treatment for the forest products industry's power in the tax code and in renewable electricity mandates.
- Make renewable biomass energy generated and used onsite by the industry eligible for the Section 45 tax credit.
 - This would promote further expansion and use of biomass power by the industry, helping to protect the environment, reduce greenhouse gas emissions, and increase the energy security benefits the country has already achieved.
- Issue fully tradable credits in a Renewable Electricity Standard (RES) to forest products facilities for the renewable power they generate whether used onsite or sold onto the grid.
 - This will level the playing field between forest products manufacturers that use wood fiber as a raw material and energy source and generators of new renewable energy.
 - Of the 35 states (including the District of Columbia) that have RES mandates or goals, 25 of them allow power from existing facilities to qualify.
- Promote sustainable forest management.
 - Include a definition of eligible biomass that includes biomass from both federal and private lands and requires that wood biomass be developed under sustainable forest management practices.
 - Provide for a study and waiver mechanism, similar to that in the Renewable Fuels Standard (RFS), from the RES if the Secretary of Energy determines that implementation would cause serious economic or environmental harm, or there is an inadequate supply of renewable energy resources in a state or region.
- Address supply and demand.
 - To the extent government is driving demand for wood biomass it also should develop corresponding policies to increase supply and investments in expanded biomass collection.