

## **FOREST PRODUCTS INDUSTRY AND RENEWABLE ENERGY**

### ***Talking Points***

The forest products industry is a leader in renewable energy.

- We are the leading producer and user of carbon-neutral, renewable biomass energy, generating 28.5 million megawatts annually—enough to power 2.7 million homes.
- On average, paper and wood products facilities generate 65 percent of their energy needs from renewable biomass.
- This is accomplished while ensuring that the wood fiber we use is grown in a sustainable manner, demonstrating that a balance between renewable energy and sustainable forest management is both possible and necessary.

The economic downturn has had a disproportionate impact on the forest products industry.

- The decline in consumer goods has caused a plunge in associated advertising packaging and paper products, and record-low housing starts have caused a dramatic contraction in wood products.
- Since early 2006, the industry has lost 190,000 jobs—15 percent of its workforce. Many paper and wood products facilities are in rural areas where they are the economic hub of their communities.

There are unintended consequences for the forest products industry from government 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 their 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.
- Wood used for value-added products preserves six times the jobs and creates four times the wealth as wood used for energy.
  - 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.

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 product 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 already has achieved.
- Issue fully tradable credits in an 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 the 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.

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