



OFIC

Oregon Forest Industries Council

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TESTIMONY IN SUPPORT OF OREGON DEPARTMENT OF ENERGY 2013-15 BUDGET

**LINCOLN CANNON
OREGON FOREST INDUSTRIES COUNCIL**

**SUBMITTED TO
WAYS AND MEANS SUBCOMMITTEE ON NATURAL RESOURCES**

February 20, 2013

I am here today in support of the Oregon Department of Energy's (ODOE) proposed 2013-2015 budget.

Oregon's forest products industry are pioneers in the production of green renewable energy utilizing woody biomass. OFIC has long supported the retention and development of biomass generation capacity in Oregon. ODOE has been an important partner in providing technical and financing assistance in helping to realize construction of several new biomass energy cogeneration facilities. These investments help to create jobs, strengthen mill infrastructure and provide environmental benefits in our communities and state. There remains, however, in addition to realizing opportunities to grow the biomass energy industry in Oregon, a need to actively support existing biomass energy production capacity.

I have served on the Oregon Forest Biomass Working Group since its inception in 2005. ODOE staff currently co-chairs the Working Group and led in the development of the Oregon Forest Biomass Strategy, which is incorporated by reference in the Governor's Ten Year Energy Action plan. Of particular interest to OFIC is the distributed generation initiative in the Biomass Strategy. This initiative focuses on developing biomass energy markets in order to support and fully utilize the existing biomass energy generation infrastructure and realize the benefits they provide.

One key incentive supporting the forest biomass energy industry is the biomass tax credit. OFIC has worked and continues to work with ODOE to ensure that the program is workable, efficient and achieves its desired goals.

While progress has been made, there is still much to be done to develop a stable and sustainable biomass energy sector in Oregon. In spite of HB 3674 (2010) which finally recognized all of Oregon's biomass energy facilities as renewable energy producers under Oregon's RPS, these facilities have continued to struggle. The price that utilities pay for biomass power is tied to volatile natural gas prices, which, with advent of fracking, have plummeted to historic lows. This has resulted in the inability of biomass power producers to profitably generate electricity.

OFIC has a good working relationship with ODOE and we look forward to continuing that partnership in implementing the Forest Biomass Strategy and working to seek opportunities and resolve challenges that will advance the biomass energy industry in Oregon.

OFIC supports ODOE's budget for the 2013-15 biennium and urges its adoption.

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