



Northwest Pulp & Paper
ASSOCIATION

**SB 752 – IN SUPPORT
May 21, 2015**

**NORTHWEST PULP AND PAPER TESTIMONY IN SUPPORT OF SB 752
HOUSE ENERGY AND ENVIRONMENT COMMITTEE**

Chair Vega Pederson and Committee Members:

For the record, I am Kathryn VanNatta, Director of Government and Regulatory Affairs for the Northwest Pulp and Paper Association (NWPPA). We appreciate the opportunity to testify in support of Senate Bill 752. We urge you to consider lending your support.

Background

NWPPA is a 59 year-old regional trade association representing 13 member companies and 16 pulp and paper mills in Washington, Oregon and Idaho. NWPPA members produce over 8 million tons of paper products each year and provide approximately 12,000 predominantly union-backed jobs that pay an average of more than \$75,000 a year, plus benefits. Because many NWPPA members are located in economically stressed rural communities, these family-wage manufacturing jobs help sustain the local economy, with each mill supporting three to five additional jobs in the community. NWPPA represents its members on legislative and regulatory and issues with special emphasis on environmental and energy policy.

Pulp and/or paper facilities combust biomass (wood waste and wood by-products) in boilers for the generation of heat and/or steam. Products that are then used by the mills for industrial processes or to generate electricity. This process is also sometimes called “combined heat and power” or CHP. Pulp mills also combust by-products of the pulping process in recovery boilers that have been recycled many times, called pulping liquors, to generate heat and steam. These combustion processes are closely regulated under the Clean Air Act and are required to obtain air-operating permits under the Clean Air Act issued by the Department of Environmental Quality (DEQ).

Problem SB 752 addresses – Placing policy in Oregon law rather than rule

SB 752 squarely addresses Oregon’s policy conundrum surrounding accounting for carbon dioxide emissions from combusting biomass: are the emissions considered carbon neutral for purposes of state regulatory programs and for accounting of greenhouse gasses (GHGs) in essence, are emissions a “regulated air pollutant.”

Oregon's recent history on this issue has been confusing and shows the need for SB 752. First, when the Senate considered the issue there was no policy in rule or law in Oregon. The background is that a state policy was in administrative rule for carbon dioxide carbon neutrality for biomass combustion in OAR 340-200-0020(61)(b) from spring 2009 until November 2014. Then the rule disappeared. In a November 2014 DEQ temporary rulemaking before the Environmental Quality Commission (where no public comment is allowed), the rule was retroactively eliminated back to July 2014 over industry objections. NWPPA and others had supported retaining the rule in the public comment period in summer 2014. Second, the Senate Committee passed SB 752. Third, then the administrative rule basically reappeared. DEQ restored the original rule language in an April 2015 rulemaking on Oregon's air quality permitting program.

Meanwhile, the federal government has also been considering this issue. In November 2014 the EPA issued guidance on a framework for accounting for carbon dioxide biomass combustion that can be found here:

<http://www.epa.gov/climatechange/ghgemissions/biogenic-emissions.html>

This policy framework on biomass and EPA guidance memos encourage states to chart their own policy course on biomass combustion and leaves the door open for future federal guidance.

Why SB 752 is a good policy for Oregon:

- Creates regulatory certainty by establishing a carbon neutrality policy for carbon dioxide emissions from combustion of biomass to the extent allowed by federal law.
- Recognizes previous capital investments made by Oregon facilities relying on the prior policy for air permitting, climate and other regulatory programs.
- Encourages facilities to combust wood waste rather than placing by-products in landfills where wood would ultimately break down and emit methane, a GHG with a higher global warming potential than carbon dioxide.
- Encourages renewable energy generation utilizing residuals from forest management and forest health restoration treatments, reducing wildfire risks and environmental impacts while at the same time displacing fossil fuel energy and carbon emissions.
- Recognizes Oregon's unique, sustainable supply of biomass from Oregon's forest products sector that supports all aspects of our economy from rural towns to paper exports from our ports.

Thank you for the opportunity to testify. Please contact me at 503-805-8511 to answer any questions or contact Paul Cosgrove at 503-799-5679.

Attachments

EPA's Janet McCabe memo on biomass accounting framework, November 2014, 3 pages.

<http://www.epa.gov/climatechange/downloads/Biogenic-CO2-Emissions-Memo-111914.pdf>