

Date: June 16, 2006

To: Energy Planning Advisory Board

From: Jasen A. Stock, Executive Director  
New Hampshire Timberland Owners Association

Re: June 23<sup>rd</sup> Energy Planning Advisory Board Stakeholders Forum

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The New Hampshire Timberland Owners Association's (NHTOA) 1400-plus members represent close to a million acres of New Hampshire timberland and the loggers, foresters, and mills that make timberland ownership economically viable. As a percent of land cover New Hampshire is the second most forested state in the United States. These forests support a forest products industry that is over 300 years old and our forestry businesses contribute millions of dollars each year to the state's communities through property and timber taxes and employment for thousands of foresters, loggers and mill operators. Summarizing the economic impact forestry has for the state I am providing a link to the North East State Foresters Association's publication "*Economic importance of New Hampshire's Forests*".

As the forest products industry changes so does the economics of timberland ownership and management options available to the state's landowners and land managers (loggers and foresters). A perennial challenge is having adequate markets for low-grade wood (trees or portions of trees unable to produce saw or veneer logs). Currently, markets for New Hampshire's low-grade wood are a combination of pulp and paper production, residential firewood and commercial electricity/heat production. With the recent closure of the pulp mills on Berlin and Groveton we are experiencing a reduction in low-grade values and ultimately a reduction in timberland value. Adding to the uncertainty around the state's pulp markets is the uncertainty over the fate of the state's five electrical generating facilities using whole tree chips. To understand the economic impacts these facilities have on land management in New Hampshire and our rural economies I am including a link to the Executive Summary from the 2002 Department of Resources and Economic Development's (DRED) report entitled "*Existing and Potential Markets for Low Grade Wood in New Hampshire*". This report quantifies the economic and natural resource management benefits New Hampshire derives from its wood energy industry. It is important to note that these data are based on an annual 1.1 million tons of whole tree chip fuel consumption, the amount consumed by the wood energy facilities in 2002

Parallel to the uncertainty in the low-grade wood markets the prices for many fossil fuels (i.e. natural gas and crude oil) have shown volatility and have generally increased. Demonstrating this volatility I am providing links to the Energy Information Administration’s webpage displaying the historical prices for natural gas and crude oil.

These trends have created an opportunity for New Hampshire policy makers to take another hard look at adopting a **Renewable Power Portfolio Standard (RPS)**. Many of the elements from Senate Bill 314, as it came out of the Senate Energy and Economic Development Committee, address the issues important to the state’s forest products industry. Specifically,

Retain our existing renewable power producers. NH has five operating wood fired power plants whose operational future is uncertain. An RPS that provides credits for existing facilities will help assure New Hampshire does not see a further erosion of its renewable wood to energy market.

Promote thermal and electricity generation at the commercial level. Incentives such as low-interest loans, grants, tax credits for businesses and other institutions for the installation of renewable power systems will help them overcome startup financial barriers such as capital and permitting costs.

Energy credits for businesses and institutions that use renewable power, “behind the meter”. This will further promote the use of renewable power by giving NH businesses an opportunity to capture the value of their renewable energy generation through the credits they generate.

New Hampshire has a strong forest products industry and a strong land base supporting it. The marriage of energy policy with forestry policy through an RPS will assure fuel diversity, cleaner electricity generation and assure the long-term viability of the biomass market for New Hampshire’s landowners and forest management.

Thank you for this opportunity to submit comments and I look forward to participating in future discussion on this important policy.

**Web Links**

*“Economic importance of New Hampshire’s Forests”*

[http://www.nefainfo.org/publications/2004\\_nefa\\_ei\\_nh.pdf](http://www.nefainfo.org/publications/2004_nefa_ei_nh.pdf)

*“Existing and Potential Markets for Low Grade Wood in New Hampshire”*

<http://nh.gov/dred/divisions/forestandlands/reference/documents/NHMarketsforLowGradeWood-Ph3Summary.pdf>

Energy Information Administration’s webpage historical prices for gas and oil

<http://tonto.eia.doe.gov/dnav/pet/hist/rwtcM.htm>

<http://tonto.eia.doe.gov/dnav/pet/hist/rbrtem.htm>

<http://tonto.eia.doe.gov/dnav/ng/hist/n3010us3m.htm>

<http://tonto.eia.doe.gov/dnav/ng/hist/n3020us3m.htm>

<http://tonto.eia.doe.gov/dnav/ng/hist/n3035us3m.htm>