

MONICA SHAW
is Editor,
Pulp & Paper



A prevalent prefix

THESE DAYS, USE OF THE “BIO” PREFIX is cropping up at an increasing rate around the world, both within and without the forest products industry and in both government and private sectors. In general, the terms of biomass, bioenergy and biofuels are tinged with optimism for ours and other industries, but many hurdles remain in capturing bio-potential, such as technology development and funding.

In the technology race to effectively convert biomass to energy, pushed along by recent government incentives, the availability of biomass is often overlooked. Recent issues of RISI’s *International Woodfiber Report (IWR)* have highlighted the barrage of bioenergy projects and their potential impacts, which range throughout the supply chain.

If a tree falls in the forest, who gets it?

According to *IWR*, with oil and gas prices at record levels, cellulosic wood biomass energy projects and wood pellet plants were springing up across North America even before the Bush administration’s energy independence initiative (see *Pulp & Paper*, April 2007, p. 5). In addition, regional, often municipally oriented incentives are accelerating, such as BC’s bioenergy power network for converting wood residues to energy in small communities and renewable energy credits given to New England biomass energy plants.

Short term, some new projects have stable biomass sources, such as the pine beetle-stricken timber in BC. Also, at a time when pulp, panel and lumber mills continue to curtail production, pellet and biomass energy operations announced in May alone could provide a home to approximately 1.1 million green tons/year of low-grade wood, allowing opportunities for these woodfiber suppliers.

However, the projects, whether on line or just announced, have alarmed some North American consumers of hog fuel, chips and even small logs. Some biomass plants are seen as targeting coveted fiber supplies for existing pulp and paper mills, says *IWR*, many of which are pursuing their own biomass conversion projects and courting sustainability-oriented customers.

For example, in New England, wood procurement managers say renewable credits have driven hog fuel prices to an all

time high. In addition, a debate over development of a 100 MW biomass power plant has been fueled by Temple-Inland (T-I) within the Texas legislature, which had attempted to create a renewable energy portfolio in the state using significant financial subsidies. T-I claims the subsidy support would create unfair competition for wood resources.

Fiber to fuel the bio-boom

Consumers of wood fiber aren’t the only ones concerned about the rapidly emerging bioenergy market; producers have their own concerns, which were highlighted in a recent issue of the *Forest Operations Review*, a publication of the Forest Resources Assn (FRA), which represents various segments of the wood supply chain. “We are only in the early stages of beginning to understand how our operating environment will most certainly change, in view of bioenergy-related impacts,” said FRA chairman Jim Brody in the issue.

According to Neil Ward, FRA’s director of communications, 25% of the total energy consumed in the US by 2025 will come from America’s farms, forests and ranches. Obtaining the estimated woodfiber requirements will put new demands on today’s land base, calling for development of effective harvesting and transport systems, examination of thinning from a different economic perspective, and harvests on “neglected public lands.”

The demands also mean that timber growers will compete with other interests to place new lands in forest. Ward notes that this competition will include other biocrop interests, which raise the specter of feedstock subsidies that could “inflate production costs for existing forest products companies that compete in a global market.” Complicating this situation is the divestiture of timberlands into real estate investment trusts for higher uses, which RISI has described as the “most significant change affecting pulpwood supply” at this time.

Still, Ward says new markets for biomass can increase timberland values, encouraging reforestation and preventing conversion of forest land to other uses. The key, it appears, is to engage the bio-boom requirements sooner rather than later so that the forest products industry is ready to gain and not lose from the bioenergy expansion.

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