

BIOMASS WORKING GROUP MEETING

TUESDAY, JANUARY 21, 2014

Room: Hearing Room A; California Energy Commission; 1516 Ninth Street; Sacramento

Time: 12 p.m. to 3 p.m.

Toll free call in: 1-866-469-3239

Meeting number: 929 299 134

Next Meeting: February 18, 2014

Attendees:

In person: Tad Mason, Jim Burke, Mik McKee, Chris Friedel, Cathy LeBlanc, Tedi Duree, Jim Bowmer, Akasha Khalsa, Mark Metcalfe, Bob Goodwin, Doug Wickizer, Phillip Treanor, Steven Scott Nicholls, Paul Mann, Larry Swan, Chris Fischer, Karen Khamou, David Lewis, Doug Snider, Melissa King, Ed Smith, Kim Carr, Christa Darlington, Greg Osborn, Debbie Schmidt, Sharon Arnold, Gabriel Taylor, Melissa Rae King, Angie Lottes, Jerry Bird

Phone: Jayne Battey, Chip Ashley, Elissa Brown, Scott Olson, Angela, Shannon O'Rourke, Jonathan Kusel, Peter Tittmann, Garry O'Neill, Ricky Satomi

We extend a special welcome to new participants from two community projects: Camptonville Community Partnership and Mooretown Holdings, LLC.

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Poll: How much of your own money does a biomass energy project need to get financing?

Answer: 20-30%

FUNDING SOURCES

How many types of assistance can be available to biomass projects and how can we combine them?

US Department of Agriculture ([USDA](#)), Department of Defense ([DOD](#)), Department of Energy ([DOE](#)), Department of Interior ([DOI](#)), [Treasury Department](#) all provide financing assistance for biomass projects.

USDA Agencies that are capable of providing financial assistance to biomass facilities include the Forest Service (FS), Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA) and Rural Business-Cooperative Service (RBCS).

Funding mechanisms include loans, loan guarantees, grants, payments and tax credits

It is most common for projects to want a grant. If they can't get a grant, they look for loans.

There are very few direct loan programs; loan guarantees are much more common.

The difference between a loan and a loan guarantee is that Federal Government is guaranteeing 70-80% of the loss in the case that the project defaults. The project has to have a financier; the government is not the financier.

The Rural Utilities Service is an exception. They offer the Energy Efficiency and Conservation Loan Program, the most common loan program.

USDA also signed an MOU with group of organizations involved in biomass development in 2013

RESOURCES

- [Catalog of Federal Domestic Assistance \(CFDA\)](#)
- [Database of State Incentives for Renewables & Efficiency \(DSIRE\)](#)
- [USDA Energy Website](#)
- [USDA Rural Development Energy Programs](#)
- [USDA Rural Utilities Service Electric Programs](#)
- [USDA Rural Development Loan Programs](#)
- [USDA Rural Development Grant Programs](#)
- [USDA Forest Service Woody Biomass Utilization Grant](#)
- [USDA Farm Service Agency Biomass Crop Assistance Program](#)
- [DOE Strategic Technical Assistance Response Team Grant](#)
- [Golden State Power Corporation – California's Electric Cooperatives](#)

Renewable Energy Project Financing Program- if this program becomes available, it will make 100% of financing available for a project. It's a rural utilities service program. It was an advanced proposed rule, and BWG may be able to follow the trail and find out when the actual proposed rule.

CASE STUDIES

CASE STUDY 1: ROUGH AND READY LUMBER MILL (CAVE JUNCTION, OR)

2.5 MW Biomass plant

Financed by a loan guarantee + grant + grant + tax credit.

Developer had 22.5% borrower contribution

CASE STUDY 2: ANDERSON PLANT, LLC (ANDERSON, CA)

6 MW CHP Biomass Plant

New Resource Bank does a good job of financing renewable energy projects; often do dairy digesters. Financing was loan guarantee and two grants

CASE STUDY 3: SEGA BIOFUELS, LLC (NAHUNTA, GA)

Pellet producer

Financed by two different loan guarantees. This is possible because projects have different types of assets. Real estate, machinery and working capital can be financed separately.

CASE STUDY 4: APPLING COUNTY PELLETS, LLC (BAXLEY, GA)

Pellet producer

This project utilized three loan guarantees. Multiple loan guarantees get different interest rates and terms.

CASE STUDY 5: EAGLE VALLEY CLEAN ENERGY, LLC (GYPSUM, CO)

11.5 MW Biomass Power Plant

USDA Rural Utilities Service provided a loan guarantee for \$40 million

STANDING SUBGROUPS, UPDATES

REGULATION AND POLICY AKA FBI (CHRISTA/TAD/BRUCE S.)

SB122

Comments and reply comments to SB122 have been turned in.

Placer County Air Pollution Control District asked that only 2 projects be required in the queue to trigger price adjustment. They also commented on the need for forest biomass and the definition of sustainability.

We thought that further information would come out in March, but just found out that Commissioner Ferron, who is responsible for this, has to step down. This will delay implementation.

RULE 21

Comment will be released soon, BWG may be asked to for input to reply

AIR EMISSIONS

Mizzozula fire lab did air emissions testing on pile burn at Blodgett Research Station, results will be published hopefully in March

Place County APCD and Mizzoula fire lab are also looking at anaerobic methane emissions from mastication

THERMAL (NICK/LARRY)

Thermal subgroup is about using biomass to generate heat energy

Several thermal feasibility studies that should go forward with CalFire conservation camps

No other institutional projects have gone forward in CA. There have been institutional projects in other states, but we don't have the same policies enacted here.

INTERNAL STRUCTURE (JERRY/NICK/RICK)

No Updates.

BIOENERGY ACTION PLAN/SUSTAINABILITY UPDATE (KIM/BILL)

\$50 mil from Cap and Trade revenues will go to Cal Fire for disbursement into forest health and biomass projects. Some of it will go to existing programs and they will determine where the rest of it will be allocated.

CONFERENCES (ELISSA)

Finance Roundtable to bring people together to talk about issues of feedstock availability, PPA, etc. The purpose is to bring those issues to the forefront so we can follow up on them and find ways to jump those hurdles before the projects need to find funding.

CAPACITY AND EXISTING INFRASTRUCTURE (JERRY/JULEE)

No updates.

STATEWIDE WOOD ENERGY TEAM

First two awards have been made. \$5,000 has been awarded to complete site analysis at 3 locations in Mendocino. An additional outcome of that will be a community lead, consultant advised site assessment process. Another award was made to help complete a district heating feasibility assessment in Plumas County.

Upcoming tasks for SWET include continuing to consider applications, developing financial strategies and enacting a BWG MOU.

WATERSHED AVOIDED COST ANALYSIS

This watershed is located south of Tahoe in the Sierra Nevada. This study is evaluating the cost difference between thinning and managing the forest or not. Questions include: what does it cost? and, who bears the cost?

Preliminary findings are that we can save 2-4x the cost by building resilience against fire and bugs. Region 5, Sierra Nevada Conservancy and The Nature Conservancy all funded this. Models were applied to the watersheds under 5 fire scenarios.

This addresses the business side of crisis management rather than crisis response.

In other watersheds there would have been a higher sediment impact but we still saw that many assets were in danger.

A draft report will hopefully circulate by the end of next month.

AGENCY UPDATES: (30 MINUTES)

CEC, EPIC UPDATES

There is an upcoming solicitation for \$27 million to be spent on bioenergy research coming up January - June of this year.

The manager for the group leading the development of the EPIC Bioenergy solicitation is Erik Stokes. Erik.stokes@energy.ca.gov. The supervisor is Lorraine Gonzalez Lorraine.gonzalez@energy.ca.gov.

The EPIC website is http://www.energy.ca.gov/research/upcoming_funding.html. If you are interested in receiving email alerts for upcoming solicitations please sign up for the service lists on the right side of the page.

Please note that specific information on upcoming solicitations are only made available through public venues such as on the web, listserves, or public workshops.

CPUC

Shannon is the new SB1122 lead analyst. She is also lead analyst on all renewable energy things such as the Renewable Auction Mechanism. Contact info: Shannon O'Rourke; shannon.o'rourke@cpuc.ca.gov or 415-703-5574

A scoping memo proposed decision is scheduled to be drafted and issued during the second quarter of 2014, but with the absence of Commissioner Ferron the timing is now unclear. Gov. Brown will have to appoint another commissioner, and many details are To Be Determined. They are working on what a transition will mean for RPS proceedings

Our previous CPUC liaison, Adam Schultz, is moving on to be Program Manager at the UC Davis Energy Institute.

UC BERKELEY

There is currently a UC Cooperative extension position being drafted, expected mid-May. It is intended to fill the position that John Shelley held until the end of last year. The BWG will be asked to provide written support for filling the position.

A special biomass issue of California Agriculture is in the works. Abstracts will be responded to with request to submit full manuscript within two weeks.

Analysis on additional cost associated with moving biomass from areas where facilities closed to areas where they are open. It may be available to those working on issues related to existing facilities

The UC website has been updated with existing facilities information.

US DEPARTMENT OF AGRICULTURE

FOREST SERVICE

The 2014 Woody Biomass Utilization Grant program should be announced in the next 6 days, more than likely there will only be 60 days to respond, with awards coming in June or July. The purpose funding engineering design, to get woody biomass energy projects ready for federal or private funding.

If you have personal knowledge in the utilization industry and want to be on the WBUG webinar, please reach out to Peter (pwt@berkeley.edu).

RURAL DEVELOPMENT

Rural Energy for America Program (REAP) will hit the NOFA within a week or two, projects will likely have 60 days to respond.

PROJECT UPDATES (15 MINUTES)

NORTH FORK

This project will qualify as the first SB1122 eligible project, updates to come out next week.

MAMMOTH MOUNTAIN RESORT

The business is doing a thermal project, 2 million BTU per hour; 440-500 bdt/year. Hog fuel coming out of transfer station and an existing Timber Harvest Plan (THP) at Inyo forest will provide fuel for the project.

CALAVERAS HEALTHY IMPACT PRODUCT SOLUTIONS (CHIPS)

Feasibility for 2-3 MW CHP study was used to get WBUG. The engineering design will be completed summer 2014. CHIPS board of directors is moving into conversation with developers so there will be some equity held by a community LLC but much will be held by the developer. The project includes a sawmill, greenhouse, and combined heat and power.

CAMPTONVILLE COMMUNITY PARTNERSHIP, CHRIS FRIEDEL

CCP is developing the Camptonville Forest Biomass Business Center. They chose an old mill site in the Celestial Valley to build a value added, biomass-based enterprise in a building at the site. They are currently funded by a capacity building grant with the National Forest Foundation to form a project steering committee. They have applied for funds from the Sierra Nevada Conservancy

SIERRA INSTITUTE, MIK MCKEE

SI is working on developing enough demand to build a chip sorting facility. With higher quality fuel, the businesses can utilize a highly efficient boiler. They are encouraging adoption of the boiler in Fort Huff Ranger Station, Portola district heating system, and Feather River College (they have failing geothermal system).