HJ 1 Biomass Worksheet

To assist the Environmental Quality Council in developing recommendations and findings, staff is providing this worksheet showing the study tasks outlined in HJ 1 as well as potential, draft findings for EQC consideration. The information provided is not complete and is simply provided as a starting point for EQC discussion.

Before the May EQC meeting, members are asked to **add additional findings and circle options** that they feel the EQC should discuss further. Staff also provided a few examples of recommendations or bill drafts that could be contemplated. Again, the list is not exhaustive, and EQC members are asked to develop additional ideas.

Study Task	Potential Findings (Circle those you feel are appropriate. More than one can be selected in many cases.)	Do you feel the finding requires legislative change? (Yes or No)	If yes, what kind of change should be pursued? (Circle those you feel apply or add other specific policy changes.)
Evaluate the availability of the forest biomass resource in Montana from a biological, administrative, and economic standpoint; along with available biomass resources versus existing biomass consumption in determining the forest biomass balance.	A. Montana's private and public forests have the potential to make a substantial contribution to the production of heat, electricity, and transportation fuels. Sustainably produced biomass from these forests also contributes to long-term forest health by improving habitat and reducing catastrophic wildfires. B. Investing in biomass can reduce wildfire risks and wildfire suppression costs; increase timber supplies; improve forest health; maintain forestry and agricultural jobs; and promote Montana's forest and agricultural industries. C. Montana's State Forester and the Department of Natural Resources and Conservation should take specific actions to increase the utilization of forest biomass, particularly from federal lands within the state, but also from tribal, state and private forests. D. Recognizing that access to federal forest lands in Montana is critical to increasing biomass usage in the state, the State Forester and the Department of Natural Resources and Conservation should increase the state's participation in federal forest management decisions. E. No finding		✓Request the appropriate state agency develop a concise, publicly accessible, inventory of biomass available on all state lands. Identify barriers to access. ✓Require the appropriate state agency, along with appropriate partners, to determine the potential import and export market for bioenergy and its byproducts. A study of the potentials could assist industry. ✓Resolution to Congress urging better management of federal forests.
Evaluate impediments to Renewable Resource Grant and Loan Program eligibility for biomass feedstock projects.	A. Nongovernment entities, like private foresters and wood processing plants, are not eligible for Renewable Resource Grant and Loan program funding. In promoting biomass, nongovernmental entities should be encouraged to team with government partners to be eligible for and to seek grants from the RRGL program. B. Recognizing that the $100,000 cap for RRGL grants is inadequate for some projects, biomass developers should be advised that projects that receive RRGL funding receive grants and loans from multiple sources. C. No finding		✓Revise RRGL program to place greater emphasis on biomass. ✓Increase RRGL program funding.
Evaluate expanding the Alternative Energy Revolving Loan Program for biomass projects.	A. The program may be suited for smaller biomass projects, recognizing that the $40,000 cap limits the size of projects that can utilize the grants. B. No finding		✓Revise the program to place greater emphasis on biomass. ✓Increase funding for the loan program.

Evaluate Montana biomass feedstock tax incentives and other state biomass feedstock tax incentives with respect to reducing the capital costs of biomass energy production, including electricity generation and heating of residences and public buildings.	A. When financial resources are available, Montana should create and expand state grant programs, tax incentives, and other financial mechanisms to help develop and bring to market clean, efficient biomass energy technologies. B. When financial resources are available, Montana should expand the forest harvesting and wood-products supply infrastructure through workforce development and training and incentives that help forest land owners, loggers, truckers, and others involved in the forest-products supply chain. C. Montana should take steps now to expand state financing mechanisms—such as grants, loans, and tax incentives—that help capitalize and support the use of biomass energy in publicly owned facilities. State renewable energy finance authorities could support capital investments in projects that use and produce renewable energy from biomass or other sources. D. No finding.		✓Expand funding available for grants administered through the Fuels for Schools program. ✓Provide funding opportunities for biomass gasification pilot projects in Montana. ✓State-level Biomass Crop Assistance (BCAP) program that provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products, or biofuels. ✓Provide additional funds or incentives for activities that produce biomass fuels. (for example, fire prevention treatments and diversion of residues from agriculture burning) ✓Provide tax incentives for advanced biomass technologies. (Beyond Clean and Green) ✓Provide incentives to utilities and cooperatives that add biomass to their portfolios. (Tax credits)
Document research that has been conducted to characterize emissions from biomass boilers and the impacts those emissions have on community air pollution; and mitigating emission impacts.	A. While recognizing the importance of air quality, some small portable forestry equipment should be exempt from certain permits. B. Recognizing that advance biomass technologies can improve combustion efficiency and reduce emissions, Montana should strive to stimulate the market for these new technologies and, when financially able, support incentives to fund retrofits. C. No finding.		✓Exemption for grinders and chippers from air quality permitting. ✓State funding for retrofits and advanced technology development.
Analyze the potential use of pilot projects for different forestry and agriculture residues and liquid fuel production.	A. Pilot projects are key to increasing the generation of electricity and heat with forest and crop residues that can create new markets for Montana's farmers and foresters. Using biomass - wood and crop residues - to generate electricity and heat can be a clean renewable energy source that cuts pollution, lessens our dependence on fossil fuel imports, and creates new markets for farmers and forest owners. B. Feasibility studies, funded by private-public partnerships and similar to those funded by the Department of Commerce in 2009, are critical in advancing pilot projects in Montana. C. No finding.		✓Require the appropriate state agency, along with appropriate partners, to develop a statewide, interagency bioenergy strategic plan to facilitate the development of bioenergy pilot projects. ✓Provide funding opportunities for biomass gasification pilot projects and other advanced technologies in Montana.

Evaluate funding alternatives for research and development on techniques for the collection, processing, transportation, storage, and distribution of forestry and agriculture residues, and market development or expansion for these materials. Discuss biomass technologies and development in Montana (added during EQC work plan development).	A. The Energy Promotion and Development Division of the Department of Commerce is encouraged to focus its efforts on promoting development that brings clean, efficient biomass energy technology to commercialization. B. State policies that stimulate renewable electricity production, such as Montana's Renewable Portfolio Standard, should include a greater emphasis on the use of biomass. C. To overcome barriers to biomass development, including the high cost of gathering and transporting biomass to energy conversion facilities, the appropriate state agencies and private partners should analyze gathering and transportation barriers, propose solutions, and bring those solutions back to the Legislature. D. No finding.		✓Revise RPS to include additional credits for biomass. (Similar to West Virginia) ✓Revise RPS to recognize and allow for the cost of certain types of renewable power to be higher than others but still be advanced. (Revisit RPS cost caps). ✓Revise the RPS to allow the thermal output from a cogeneration system to be included in the standard. ✓Revise the RPS to require a specific percentage of energy production to come from a specified renewable or efficient technology. (Connecticut tier system) ✓Revise RPS to require a utility to offer "biomass only" requests for proposals (RFP's) that match in time a utilities needs for new firm generation or additional renewable power and carbon offsets. ✓Revise electric procurement and planning requirements asking the PSC to consider externalities related to the cost of biomass when plans are contemplated. ✓Revise license and registration fees for logging trucks so that they are the same as those for trucks used for agricultural purposes. (61-10-206, MCA, FSIC recommendation) ✓Expand the fuel tax exemption for agricultural use to include logging trucks and other logging equipment. (FSIC recommendation) ✓Allow oral (open) bidding on DNRC timber sales. (FSIC recommendation) ✓Reduce business equipment tax on equipment used to transport, process, and harvest forest products; consider temporary property tax exemption for existing forest products facilities. (FSIC recommendation) ✓Index DNRC timber sales to the market. (FSIC recommendation)