Exploring Georgia’s Wood Products

A Product of the Forest Utilization and Marketing Department

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New Industry Announcements: Bioenergy Facilities in Georgia

RWE Innogy and Governor Sonny Perdue recently announced plans for an 825,000 ton wood pellet plant in Waycross, Georgia. The facility will use approximately 1.5 million green tons of small diameter pines as feedstock each year. RWE Innogy of Germany is the investor and BMC of Sweden is the project developer. Initial production is expected in 2011 and will be shipped through the Port of Savannah to fuel power plants in the Netherlands. The facility is expected to employ 75 people.

United Biomass, LLC began production of “Greenheat” Firelogs at their Nahunta facility in Brantley County. The facility held an open house on January 7th, 2010 to show the facility to the community and other interested parties. The plant will have annual production of fire logs and briquettes that will approach 110,000 tons. They will utilize sawmill residue and wood chips as feedstock. The project will directly provide 25 new jobs.

Magnolia Power has announced plans for a large wood pellet mill and power plant at Waynesville, also in Brantley County. Magnolia BioPower plans to break ground in late 2010 and produce pellets in late 2011 or early 2012. The first phase of financing and construction is for 300,000 tons per year production of wood pellets. Additional pellet production and power generation is planned in subsequent phases.

Georgia Power announced a delay to plans for their Plant Mitchell coal-to-biomass conversion in Albany, Georgia. Plans are postponed pending an EPA decision regarding the industrial boiler Maximum Achievable Control Technology (MACT) Rule that may affect acceptable boiler emission levels and ultimately the feasibility of the project. The EPA is expected to announce MACT rules on April 1, 2010.

BCAP proposed rules released this month

The Biomass Crop Assistance Program (BCAP) provides financial assistance for the production, harvest, and delivery of forestry biomass to qualified bioenergy facilities. Phase 1 of the program has operated under broad standards in the interim time during which the USDA has been writing BCAP program rules. On February 3rd, proposed rules were released by USDA for both phases of BCAP.

Proposals within these rules will impose additional limitations for the “matching payments” program (phase 1) and establish the procedure where landowners can directly participate in BCAP payments in the “establishment and annual payments” program (phase2). You can view these rules at http://www.fsa.usda.gov/FSA/webapp/area=home&subject=ener&topic=bcap.

The GFC encourages forest landowners and others to comment on these rules within the 60 day comment period, as described on page one of the rule.
Biomass dollars for private landowners

The economic impacts of new biomass markets are real. Landowners must be proactive to ensure that they benefit from their actions as growers of the resource. Values can be received both as direct payments from timber buyers and as a service to assist with land management.

The GFC suggests that landowners take four resolute steps to participate in the biomass market.

**Step 1 – Identify markets** for biomass material that exist within 75 miles of your property. Both [www.gatrees.org](http://www.gatrees.org) and [http://www.fsa.usda.gov/Internet/FSA_File/bcapfacilitieslist.pdf](http://www.fsa.usda.gov/Internet/FSA_File/bcapfacilitieslist.pdf) have listings of mills that use biomass. Timber buyers who supply biomass to these facilities should also be identified.

**Step 2 – Assess biomass** types, amounts, and ease of harvest within areas that you plan to harvest timber. All forests have biomass in tree tops and branches; however, biomass harvesting has more potential in areas with heavy understory, naturally regenerated tree stands that are overly dense, and areas with large percentage of cull trees.

**Step 3 – Sell your biomass.** Biomass products should be included on timber bid prospectus notices and in any other timber sale advertisements. It is not necessary to estimate biomass amounts, but your intent to have biomass harvested should be made clear in all communications to potential buyers. Target buyers who are known to supply bioenergy facilities. A list of Master Timber Harvesters is available at [www.gatrees.org](http://www.gatrees.org).

**Step 4 – Account for biomass in timber sale contracts** in all cases where biomass is harvested, whether or not there is payment involved. There are examples of alternative timber sale agreements with biomass language available at [www.gatrees.org](http://www.gatrees.org).

Landowners should also realize that the harvest of tree tops, branches, and small understory trees provides a real value to their forest management operations. Dr. Dale Greene (UGA) suggests that landowners could save $25 per acre in mechanical site preparation costs through harvesting biomass during a final harvest in the coastal plain. Past research also shows that biomass harvests result in more successful natural regeneration by providing desirable conditions for seed germination and growth. In addition, biomass harvests done to reduce stocking in young pine stands could eliminate pre-commercial thinning costs. As biomass markets improve, landowners and foresters should consider how to utilize them to reduce costs and improve forest management.

The start of the Biomass Crop Assistance Program (see page 1) has resulted in some confusion about who should receive payments for the delivery of biomass. If the steps above are followed, landowners will not be left out of the system. Communication between landowners, foresters and timber buyers is important in capturing the values of biomass. The message should be repeated often and clearly.

Forest landowners will benefit from the growing bioenergy industry, especially if they are committed to marketing their biomass along with the timber products.

**Report reveals 2008 economic impacts of Georgia’s forest industry**

Georgia Tech recently conducted a study for the Georgia Forestry Commission that demonstrates the vital role our forest industry played in 2008. Among the highlights of this report:

**Direct Economic Impact** — 2008 revenues are estimated at $18.3 billion, down slightly from 2007. The industry employed 57,812 workers (down 10%) paid an annual compensation of over $3.1 billion (down 8%).

**Pulp and Paper** — This sector continues to dominate the industry, leading in employment (20,816) and compensation ($1.6 billion). Fueled by a weak dollar, output increased to $10.9 billion. Pulp and paper was responsible for 59% of total industry output (Figure 1).

**Building products** — This sector has been hit hard by the economic slowdown with significant declines across all economic indicators.

**Total state economic impact** — Including the multiplier effect of re-circulated dollars and federal payments to forest landowners, the total economic activity supported the industry is over $28.7 billion, sustaining 128,388 jobs with a total compensation of $6.5 billion. Compared to 2007, jobs were down 9%; compensation was down 3%. *(continued on page 3)*
State lands forest certification update

This past fall, FUM staff, in conjunction with GFC Management staff, updated enrollment information for several state managed forests for the American Tree Farm System:

- Dixon Memorial State Forest (31,500 acres) in Ware and Brantley Counties.
- Dawson Forest (10,130 acres) in Dawson County.
- Paulding Forest (10,038 acres) in Paulding County.
- Baldwin-Bartram State Forest (2,113 acres) in Baldwin County
- Hightower State Forest (142 acres) in Dawson County and Spirit Creek State Forest (725 acres) in Richmond County are currently active or waiting for approval for certification in the American Tree Farm System. The GFC recognizes the importance of leading by example when it comes to sustainable forest management.

Questions or Comments?
We are here to assist you!

If you have questions or comments about forest markets, economic development, carbon credits, forest certification, or anything else related to Georgia’s Forestry Business, please contact one of our staff. Our contact information is provided on page one of this newsletter.

For all of your reforestation needs

GFC’s Flint River Nursery provides high quality tree seedlings adapted to Georgia’s climate and soils. A wide variety of softwood and hardwood species are available for all of your reforestation and ornamental tree planting needs.

For ordering and pricing information, please contact your local GFC county office or visit us on the web at: www.gatrees.org

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