



Testimony of

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**Before the Committee on Energy, Utilities and Technology in Support of LD 1408 –
An Act to Reduce Maine’s Dependence on Fossil Fuels and Carbon Footprint for
Energy Production Using Waste Wood Fuel**

Thursday, April 13, 2023

Senator Lawrence, Representative Zeigler and members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of Maine. The Professional Logging Contractors of Maine (PLC) is a trade association located in Augusta that represents logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to give independent contractors a voice in a rapidly changing forest industry.

As of 2021, logging and trucking contractors in Maine employed over 3,000 people directly and were indirectly responsible for the creation of an additional 2,500 jobs. This employment and the investments that contractors make contributed \$582 million to the state’s economy. Our membership, which includes 200 contractor members and an additional 120 associate members, employs more than 75% of the individuals who work in this industry and is also responsible for 80% of Maine’s annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in support of LD 1408 – An Act to Reduce Maine’s Dependence on Fossil Fuels and Carbon Footprint for Energy Production Using Waste Wood Fuel. I would also like to thank Representative Theriault, Senate President Jackson, Representative Zeigler, Representative Foster and Representative Warren for joining together to introduce this bi-partisan legislation.

As many on this Committee might recall, LD 1202, An Act to Establish a Wood-fired Combined Heat and Power Program was signed into law last year and the results of the Maine Public Utilities Commission solicitation which was authorized by that legislation will likely be announced soon. That said, more must be done to help with high energy costs and to create new markets for low value wood. The PLC and our membership are in full support of any legislation that will facilitate development of new renewable modern wood heat and power projects that could positively impact the management of Maine’s forests, provide new markets for our members, and contribute positively to our climate. The need for this legislation is also substantiated as a direct recommendation of the Maine Climate Council’s “Maine Won’t Wait Report”.

Since 2013, Maine has experienced the closure of six pulp and paper mills, including the Jay mill last month, two biomass facilities and most recently, the Old Town location of ND Paper has announced

that it will be shutting down for an extended period of time. With the event at Pixelle and the recent ND Paper announcement, these events have sent shock waves through the industry like no other closure our members have experienced. In just three short years, there is no home for 3 million tons of softwood pulp and 500,000 tons of biomass.

At the same time, Covid 19 wreaked havoc with wood markets and inflation of nearly 50% in this industry has put a majority of timber harvesting businesses in the red. As a result, there has been a 30% reduction in harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling in just the last three years.

As it relates to wood for energy production – electricity, heating and combined heat and power – is a critical part of Maine’s forest economy. In 2010, 3.7 million tons of wood for the energy market were produced from Maine timber harvests, representing 25 percent of all timber volume. By 2016, the harvest of biomass had shrunk to 2.5 million tons and in 2023, it is now down to an all-time low of 1.5 million tons.

These lost markets have impacted the entire forest industry supply chain. Landowners have lost a market for low-grade stems and harvest residues (e.g., tops and branches). In 2010, Maine landowners received an estimated \$11.9 million in stumpage payments for biomass; by 2016 this figure had declined by two-thirds, to \$3.8 million and today it is less than \$2 million.

Loggers and truckers have suffered even more from the erosion of this market. In 2010 there was \$90.5 million in economic activity associated with logging and trucking of biomass fuel; in 2016 this had shrunk to \$48.2 million and today it is less than \$30 million.

The intent of LD 1408 is to expand a program that was created in 2022, but has in fact been championed by many different groups over the last six years: the Biomass Commission (2017), the Governor’s Climate Committee (2020), and the Governor’s Economic Recovery Committee (2021). Three major committees with three very consistent reports have championed combined heat and power for the same reasons.

I stand before you today to demonstrate that the need for this bill has never been greater. The woods business is teetering on the edge and the need for homegrown energy that will keep our energy dollars circulating in the Maine economy is at a critical stage. This bill will ensure that an expanded incentive is in place to motivate the installation of new modern wood energy applications in commercial and industrial spaces which are not only efficient but have tangential impacts to rural communities and to Maine’s forests which go far beyond the cost of the proposed contracts.

As you consider this bill, please do so through lens that public policy should serve the greatest number for the greatest good. We can achieve this goal and provide not only economic benefits, but educational, environmental, and social benefits as well through this program. We can also use this philosophy to build an economy that transcends time and economic challenges and provides a roadmap for prosperity in rural Maine.

Thank you for the opportunity to provide the opinion of our membership before you today and I would be happy to answer any questions you may have.