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THE EFFECTIVENESS OF BIOMASS POLICIES IN SUPPORTING BUSINESS INVESTMENTS IN OREGON: PRELIMINARY RESULTS

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Wood-based biomass energy plays key roles in Oregon's wood products economy and in the state's commitment to renewable energy. The state has developed numerous policies and programs to support biomass energy harvesting, transportation, production, and utilization. The federal government has also created policies to support biomass business development. Given the complex policy environment, it is not clear whether or how policies interact to influence business decisions. This research investigates what policies have been most important in fostering biomass business investments across the supply chain.

Approach

We surveyed biomass producers and users in six states to understand what policies, if any, influenced business decisions to invest in wood energy production such as pursuing new production capacity, new technology and equipment, new markets, or new types of contracts. This paper discusses preliminary findings from 43 survey respondents in Oregon, including representatives of 5 pellet producers, 7 biomass power generators, 10 institutional heat users, and 21 biomass loggers/haulers.

Results

Key Policies

The types of policies most commonly identified as influential were tax credits and direct payments. Most respondents reported that at least one state or federal policy was influential in their decisions to move forward with a specific wood energy investment. However, those respondents associated with newer biomass businesses and users (those that

started using or producing biomass energy after 1998) were less likely to report policy influences, and most did not identify specific policies as influential in their decisions to begin using or producing wood energy.

Businesses across the supply chain identified the Oregon Business Energy Tax Credit (BETC) and the Biomass Producer or Consumer Tax Credit (BPC) as influential for business investment. Some biomass loggers / haulers identified the Oregon Tax Credit for Renewable Energy Equipment Manufacturers (TCREEM) as influential; some electricity producers identified the Oregon Renewable Portfolio Standard; and some institutional heat users identified the Cool Schools Program as influential. Among federal policies, businesses across the supply chain identified grants and direct payments, including those associated with the Biomass Crop Assistance Program (BCAP) and the American Reinvestment and Recovery Act "stimulus" package, as influential for business investment.



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Policy barriers and opportunities

Respondents who received support reported largely positive experiences. These respondents had success with programs such as BPC, BETC, BCAP, and TCREEM and, in some cases, felt that these policies helped keep their businesses afloat or allowed them to expand. However, they reported that these policies generally complemented or supported existing business decisions rather than stimulating new investments.

Respondents expressed a need for more stability in the biomass policy landscape. Multiple respondents reported that an ever-changing suite of policies, changing requirements, and unstable funding for grants and tax credits had made it difficult to plan. For example, respondents had mixed assessments of Oregon's BPC and the federal BCAP. For both programs, respondents reported frustration with changing requirements (e.g., BPC's switch from green tons to bone-dry tons) and funding that ended prematurely. Some applicants felt that they had wasted time applying as others within the sector benefited from the incentives.

Inability to access a consistent program of work from federal forestlands was one of the most significant barriers described. This was true both for businesses directly involved in forest work (e.g., loggers and haulers) and businesses that relied upon residues or byproducts from the forest products sector. Some respondents noted stewardship contracting as a positive policy solution because they felt it was improving the predictability of work and biomass supply.

Respondents felt that uncertainty around federal regulations hindered biomass innovation. Some respondents noted proposed EPA rules for new and existing facilities that would place greater responsibility on states to determine how best to meet national air quality and carbon emissions objectives. They felt that creating too stringent of requirements or delays in implementing state response plans could disrupt planned investments.

Implications

Oregon biomass producers and users across the supply chain credited specific policies with providing the financial or technical support to establish, invest, and compete in power and heat generation. Tax credits and direct payments were most often listed as important. In general, Oregon biomass producers and users requested a stable policy landscape with programs that are supported with consistent funding and are broadly accessible to biomass businesses at all stages of the supply chain. Respondents suggested that increasing alignment between state support for biomass development, federal land management, and environmental policies would encourage greater investment in biomass production and market innovation.

More information

For more information and additional publications go to: ewp.uoregon.edu.

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