

Background

Sierra Nevada wildfires have been increasing in size and severity over the last decades and most scientists predict that this will continue under current forest conditions. There is currently excess biomass 'fuel' (mostly brush and small diameter trees) built up in the forest. One means to reduce large, catastrophic fire is through forest restoration treatments involving removal of biomass.

In instances where treatments include the removal of saw logs, often biomass can be economically removed as part of the overall project. However, creating value in the removed biomass will increase forest treatment and more specifically fuel reduction at the scale necessary to reduce fire size and severity. The biomass can be used locally to add economic value to this byproduct to cover the costs of collection, processing, and transport. Recent state planning efforts and policies support the use of biomass to create renewable energy while at the same time protecting the state's valuable forests, and the region's communities, from catastrophic wildfire. Development of additional biomass power generation facilities in the Sierra Nevada Region that utilize forest byproduct will provide a ready market for biomass.

Recent State policy and planning has focused on supporting small scale facilities distributed in fire threat areas. The 2012 Bioenergy Action Plan includes a broad array of action items related to the promotion of forest bioenergy. The Sierra Nevada Conservancy (SNC) is identified as one of the key responsible agencies for these action items, particularly in assisting forested communities to develop small scale forest bioenergy facilities. Shortly following the adoption of the Bioenergy Action Plan, legislation requiring large utilities to purchase bioenergy was signed into law. Senate Bill 1122 (Rubio, Chpt 612 Stats. 2012) requires the state's three large investor owned utilities to collectively purchase 50 MW of energy from new small scale (3 MW or less) bioenergy projects using byproduct of sustainable forest management. Establishing 50 MW will take a concerted and coordinated effort and SNC has been playing a lead role in the development of forest bioenergy facilities, influencing policies to ensure they support bioenergy, funding and securing funds for project development and developing tools to support these projects.

Current Status

SNC Staff has been providing comments and meeting with key State agencies to ensure that natural resources, and more specifically forestry, is included in the California Air Resources Board's Cap and Trade Revenue Investment Plan. The investment plan does include forestry and to help better define this component of the plan, SNC coordinated developing a forestry and bioenergy funding proposal with Cal Fire and US Forest Service. SNC and its partners met with the Governor's office, Cal EPA, California Natural Resources Agency and other key decision makers to discuss this proposal. The Governor's budget which proposes allocation of a half billion dollars of Cap and Trade revenue, includes \$50 million for forestry. Cal Fire is designated to manage these funds and is proposing to supplement their existing funding programs as well as, possibly designate funds to forest bioenergy facility development and a

transportation incentive for moving biomass from the forest to these facilities. SNC is meeting with Cal Fire management to explore a partnership to assist in developing a multiple year program for bioenergy.

SNC Staff is also focused on specific tasks to support both the Action Plan and SB1122 implementation. The California Public Utilities Commission (CPUC) is responsible for implementing SB1122 and is conducting a formal public process to receive input from various stakeholders on specific implementation issues. SNC staff has submitted written comments as well as attended workshops and meetings to provide verbal comments on these issues. SB1122 requires that Cal Fire assist CPUC to determine the megawatt allocations based on the amount of forest byproduct derived from sustainable forest management practices. SNC Staff assisted Cal Fire in conducting three workshops and revising numerous drafts of a white paper defining byproduct of sustainable forest management and outlining a verification process. This white paper has been submitted to the CPUC and is part of the formal SB1122 implementation proceeding currently undergoing public comment.

SNC Staff is also coordinating with up to 12 communities interested in a forest bioenergy facility in their area. Staff has been providing support by identifying funding sources and assisting with funding applications, helping to coordinate outreach efforts to build support for projects, providing technical assistance and funding. There are two communities that are well into the project planning process for SB1122 qualifying projects. These include a 1 MW project in Calaveras County (Wilseyville), which is completing the facility design and engineering. Also, a 1 MW facility in Madera County (North Fork), which has completed the facility design and engineering, adopted the California Environmental Quality Act (CEQA) and secured conditional use permits. In July the Center for Biological Diversity (CBD) appealed the environmental report supporting the North Fork project implementation. SNC Staff lead a mediation process between Madera County, the project proponent, and CBD. This led to additional conditions of approval being included in the environmental document however, despite this effort; CBD did not withdraw the appeal. In January, the Madera County Board of Supervisors denied CBD's appeal and permitted the project, however the Board directed planning staff to work with CBD to modify the new conditions to better address CBD's concerns. SNC Staff remains engaged in discussions with all parties to revise the conditions to address all parties concerns, thereby allowing the project to move to the financing stage.

The Action Plan directs SNC to develop community scaled facility criteria to support appropriate sizing and location of facilities. SNC is coordinating with UC Berkeley, Cal Fire and US Forest Service to develop location criteria and a tool to pre-assess the validity of specific locations to support a successful project. This tool will also be used to proactively identify suitable sites for bioenergy facilities.

TSS Consulting was retained to provide technical assistance and some policy support to SNC and project partners. SNC remains involved in the Biomass Working Group,

which includes representatives from federal and state agencies, forest and energy industries, conservation and community development groups and technical experts. The SNC is an active member of the working group and has provided coordination assistance and additional resources for the activities it undertakes. In addition, SNC participates in the State Bioenergy Working Group, lead by the Natural Resources Agency and Cal EPA. The purpose of this group is to coordinate several key State agencies to implement the Bioenergy Action Plan. This group meets every couple of months in the Governor's Office.

Next Steps

Focus areas for the SNC's Forest Bioenergy Team's activities, working with Cal Fire, US Forest Service and other partners, over the next year will include:

- Continuing to provide project support to the North Fork and Wilseyville projects and evaluate and prioritize other projects to lend support to;
- Continuing to work with Cal Fire and other partners to develop a multi-year program supported with Cap and Trade revenues;
- Identifying new funding opportunities and providing grant writing assistance for appropriate funding opportunities;
- Evaluating projects that have completed pre-assessment work as potential candidates for SNC's Healthy Forest Grant Program;
- Completing developing the optimal location criteria and tool to identify the most appropriate sites for forest bioenergy;
- Facilitating discussions among concerned parties relating to CEQA concerns and other potential project barriers to reach resolution; and,
- Providing targeted education and coordinating tours for representatives of key agencies, such as the CPUC, the Energy Commission, and the Air Resources Board.

Recommendation

This is an informational item only; no formal action is needed by the Board at this time, although Boardmembers are encouraged to share their thoughts and comments.