

On behalf of my family's business, Johnson Timber and Flambeau River Papers, I am pleased to submit the following statement for the record. Mr. Chairman, Congressman Kagen, on behalf of our 358 employees, I appreciate the opportunity to appear before you today to talk about the future of our industry and the role the National Forests can play in that future.

We are members of the American Forest & Paper Association (AF&PA). AF&PA is the national trade association of the forest products industry, representing forest landowners, pulp, paper, paperboard, and wood products manufacturers. Like our fellow AF&PA members, we produce products essential for everyday life from renewable & recyclable resources that sustain the environment.

The forest products industry accounts for approximately 6 percent of the total U.S. manufacturing output and employs approximately a million people with an estimated annual payroll exceeding \$50 billion. Here in Wisconsin, we employ more than 60,000 people, with a payroll of more than \$3.7 billion, producing some \$18 billion worth of wood and paper products and paying more than \$235 million in State and local taxes.

We are leaders in efforts to reduce carbon emissions and to increase the use of renewable energy. Between 2000 and 2006, AF&PA member companies reduced their greenhouse gas emissions intensity by 14 percent. Our recycling efforts help prevent the emission of 21.1 million metric tons of CO₂ from landfills, and managed forests and forest products store enough carbon each year to offset approximately 10 percent of US CO₂ emissions.

We are also the leading producer and user of renewable biomass energy. We produce 28.5 million megawatt hours annually, enough to power 2.7 million homes. In fact, the energy we produce from biomass exceeds the total energy produced from solar, wind, and geothermal sources combined. Sixty-five percent of the energy used at AF&PA member paper and wood products facilities is generated from carbon-neutral renewable biomass.

At Flambeau River paper, we have taken steps that will make us the first completely fossil-fuel free pulp and paper mill in North America. By purchasing biomass more efficiently for our biomass boiler, we have reduced our consumption of coal and natural gas by over 60% since we purchased the mill in 2006, and by the end of August we expect to become 100% free of coal. Further, within 3 years, we anticipate we will be the first fully functioning integrated biorefinery/pulp mill, producing approximately 18 million gallons of cellulosic green diesel from forest residuals. This will reduce our carbon footprint by approximately 140,000 tons per year while employing an additional 40 people directly and an additional 125 indirectly.

Companies like Flambeau River Papers and our sister companies in the wood and paper industry are big businesses, employing hundreds, and in some cases, tens of thousands of people. But we are a large business that creates and sustains, and in turn depends on, dozens of small business. When we acquired Flambeau River papers in

2006 and took steps to reopen the mill, Gov. Doyle estimated that this would help sustain 300 small logging businesses whom we rely on to supply the 140,000 cords of pulp wood we consume annually. The National Forests of Wisconsin, particularly the Chequamegon-Nicolet, rely on these small businesses to help them achieve their management objectives. We consume approximately 13,000 cords annually of Forest Service fiber at Flambeau River, and we harvest an estimated 38,000 cords annually for other operations.

The inter-dependence of businesses such as ours, small logging contractors, and the National Forests becomes even more important during difficult economic times. Before we entered the paper business, Johnson Timber was one of the leading innovators in chip supply for the paper industry, as well as supplying peeled logs to the sawmill industry. The economic downturn that the rest of the economy has been experiencing in recent months came early to our industry and has a profound and lasting impact. Since 2006, nationally, the wood and paper products industries have shed over 300,000 jobs, almost a quarter of our workforce. Paper and lumber production have both declined by well over 20% in recent years, with the housing market remaining extremely depressed.

This depression in the market for lumber has made the economics of our industry, which are always difficult, even more precarious. That makes it critical that policies which are intended to promote biomass utilization are carefully crafted to ensure that the existing wood and paper industries receive fair and equitable treatment.

Biomass Energy:

We applaud the leadership shown by the Agriculture Committee, in particular by you, Congressman Kagen, as well as full Committee Chairman Peterson from Minnesota, in pressing for positive changes to the American Climate and Energy Security Act of 2009 which recently passed the House of Representatives. In particular, we strongly support the inclusion of language that clarifies that any mill residues from wood, pulp, or paper product facilities will qualify as renewable biomass for the various components of the legislation, including the Renewable Electricity Standard, the Renewable Fuels Standard, and the cap and trade portion of the bill. Without this key change, wood and paper products facilities would be faced with the need to purchase carbon offsets for all of the renewable biomass that we burn. In other words, renewable biomass, such as spent pulping liquor, would have been treated the same as coal or pet-coke. Further, without the expansion of the RFS definition, the cellulosic green diesel we plan on producing at Flambeau River would likely have not qualified as a renewable fuel.

We were greatly surprised and disappointed to learn, however, that the version of the bill that was brought to the floor included a new provision (Section 553) which would allow the Administrator of the Environmental Protection Agency, with the concurrence of the Department of Agriculture, to modify the definition of renewable biomass after a one year study. We believe this provision is an open invitation for the EPA to revert to the overly restrictive definition included in the Energy Independence and Security Act of 2007, which in essence excluded all fiber from Forest Service lands and only allowed wood fiber from existing plantations on private lands to qualify as renewable biomass.

As an example, by relying exclusively on wood from existing plantation, the RFS definition would exclude all aspen acreage, whether on Forest Service, State, or private forest lands. This would exclude fiber from aspen forests on over 6.9 million acres in Minnesota, 2.8 million acres in Wisconsin, 3.4 million acres in Michigan, not to mention tens of millions of acres of aspen in the Mountain west. The definition would potentially exclude 118 million acres of mixed pine-hardwood forests in the Eastern and Southern US as well.

We believe a preferable approach would be to keep the a simpler definition of renewable biomass, such as the one used in the 2008 Farm Bill, with the addition of reasonable sustainability requirements such as a written harvest or forest management plan developed by a credentialed forestry professional, or adherence to a forest management or wood procurement certification system. As members of AF&PA, Johnson Timber and Flambeau River Papers are both committed to the principles of sustainable forest management and are 3rd Party Certified by both FSC and SFI. Since 1995, all AF&PA members must subscribe to the principles of the Sustainable Forestry Initiative[®] (SFI), which sets rigorous forest management standards that are reviewed by external partners from conservation groups and research organizations. With over 226 program participants and 156 million acres of certified well managed forests, the SFI[®] program ensures that America's forest and paper companies are committed to sustainable management. We believe this standard, and other forest management programs such as the American Tree Farm System, can help assure the Congress and the American public that wood-based biomass energy will be a sustainable part of the forest economy.

We continue to believe that promoting the development of renewable energy must be accomplished while providing adequate safeguards to ensure that new mandates do not create undue economic or environmental harm. With that in mind, we recommend that the committee include a comprehensive study of the impact of renewable energy mandates on both economic and environmental factors, with a provision allowing a waiver from all or part of the renewable electricity standard if it is necessary to prevent economic or environmental harm. We have attached specific language which we believe would accomplish these objectives.

We are concerned that the current legislation unnecessarily restricts the use of wood biomass from Federal public lands. As this committee has heard recently from the Administration, between 60 to 80 million acres of National Forests are densely stocked and at risk of catastrophic fire. The current version of ACES restricts harvesting of renewable biomass from a number of categories of Federal lands, most of which are not open to commercial activities under most circumstances. While we believe these restrictions to be mostly redundant, the provision prohibiting the removal of biomass from "old growth" and "late successional stands" is particularly damaging. While it is an improvement over the version of the bill that was approved by the Energy & Commerce Committee, it fundamentally misunderstands modern forest management and creates the opportunity to inadvertently, and unnecessarily, exclude fiber from legitimate timber sales, particularly from aspen forests here in Wisconsin.

Many forest types, including Aspen, lodgepole pine, and many mixed hardwood stands in the Eastern US are not harvested until the stand has reached biological maturity. The term "old growth" is highly controversial and many forest plans adopt differing definitions, and differing goals regarding the development and retention of old growth. In our view, all byproducts of legitimate hazardous fuels reduction projects or any Forest Service timber sale which complies with the extensive projections required under existing law should qualify as renewable biomass.

National Forest Management:

As I noted above, the management of many Lake States forests types, such as aspen, jack pine, spruce, and paper birch, thrive with periodic harvest. Many of these species are regenerated through periodic cutting, after which a new stand grows from the root system of the old stand. Keeping a diverse forest landscape not only supplies the raw materials needed by our industry, but it provides a diversity of habitat types which help insure abundant wildlife populations. Grouse, deer, and other game thrive in managed forests, helping to support another key element of the Wisconsin economy.

The National Forests of the Lake States are among the best performing in the Nation in terms of achieving timber supply goals. Unfortunately, the Chequamegon-Nicolet sold only 64% of its Allowable Sale Quantity in 2007, and performance in the last two years has not improved greatly. Even more unfortunately, this is far above the National average for the Forest Service: The average national forest region sells only 40% of the allowable sales quantity.

We have appreciated the support that the Congress has shown for the National Forest timber sale program in the last several years. It is important for Congress to find a way to more fully integrate the hazardous fuels reduction program, which has received almost \$1 billion in the last 18 months, with forest management projects which produce merchantable wood fiber. Doing so would allow the Forest Service to free up management funds for regions such as the Lake States which could easily offer more volume for sale.

Recent Controversies:

In the last several weeks, several old controversies, including what to do with the roadless areas in National Forests, and how to best manage the process for revising forest plans, have resurfaced. I realize that some of these controversies are being forced upon the Administration by active litigants and other activists who oppose active management of the National Forests. I'd urge this committee not to replay the old controversies which have led to such a precipitous decline in the management of the National Forests, reducing timber harvest levels by more than 80 percent in the last two decades. The relatively modest management program that is taking place on the National Forests should not be subjected to endless appeal, debate, and delay. Large scale, wholesale revisions of forest management policies will do nothing to keep our forests healthy and even less to help keep our workers in the woods.

Conclusion:

Thank you again for the opportunity to appear before you today. America's wood, paper, and forest industry is critical to the resilience and health of our forests and our economy. We have a long and proud history of commitment to sustainable forest management, and we have been blessed with abundant forest resources. I thank you for your efforts to ensure that the management of these forests will remain a conservation achievement which future generations should emulate.

Attachment A: Farm Bill Definition of Biomass, with additional sustainability measures:

(1) BIOMASS.—The term ‘biomass’ means the following types of organic materials:

(A) materials, pre-commercial thinnings, or removed exotic species that--

(i) are byproducts of preventive treatments (such as trees, wood, brush, thinnings, chips, and slash), that are removed--

(I) to reduce hazardous fuels;

(II) to reduce or contain disease or insect infestation; or

(III) to restore ecosystem health;

(ii) would not otherwise be used for higher-value products; and

(iii) are harvested from National Forest System land or public lands (as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702)), in accordance with--

(I) Federal and State law;

(II) applicable land management plans; and

(III) the requirements for old-growth maintenance, restoration, and management direction of paragraphs (2), (3), and (4) of subsection (e) of section 102 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512) and the requirements for large-tree retention of subsection (f) of that section;

(B) any organic matter that is available on a renewable or recurring basis from non-Federal land or land belonging to an Indian or Indian tribe that is held in trust by the United States or subject to a restriction against alienation imposed by the United States, including--

(i) renewable plant material, including

(I) feed grains;

(II) other agricultural commodities;

(III) other plants and trees harvested in accordance with state water quality best management practices and consistent with sustainable management practices; and

(IV) algae; and

(ii) waste material, including--

(I) crop residue;

(II) other vegetative waste material (including wood waste, wood residues);

(III) animal waste and byproducts (including fats, oils, greases, and manure);

(IV) construction, demolition, and disaster waste and debris; and

(V) food waste and yard waste; or

(C) residues or byproducts from wood, pulp or paper products facilities.

Add new definition:

Sustainable Management Practices: the term sustainable management practices means any of the following:

(I) a written harvest plan, that provides for forest regeneration, developed by a credentialed forestry professional;

(II) a written forest management plan, that is equivalent to a forest stewardship plan (as defined

under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103));

(III) state wood biomass harvesting guidelines that address water, soil, wildlife and other on-site resources, if such guidelines exist;

(IV) a third-party audited forest certification program or similar land management protocol, including a wood fiber procurement system that is third-party certified to a standard specifying responsible procurement practices;

(V) Other programs and services as determined by the state forester that achieve sustainable management of biomass using such regulatory or voluntary policies as may be appropriate; or

(VI) in the case of conservation forest land, additional practices, determined by the state forester, that help maintain or enhance ecological conditions of such forests over time.

Conservation Forest Land. – The term ‘conservation forest land’ means a forested ecological community that is not federal land and is identified by a state forester or equivalent state official through a public process as having unique ecological value.

Add the following provision:

(_) The provisions of sections (insert relevant sections) shall be administered by the Secretary of Agriculture in partnership with the state forester or equivalent state official in each state.

INTER-AGENCY BIOMASS SUSTAINABILITY STUDY.—

(A) **IN GENERAL.—**The Secretary of Agriculture, in consultation with the Secretary of the Interior shall conduct a study that assesses the impacts of biomass harvesting for energy production on—

- (i) landscape-level water quality, soil productivity, wildlife habitat, and biodiversity; and
- (ii) conservation forest land.

(B) **TIMING.—**The Secretary shall—

- (i) complete the study required under this paragraph not later than 5 years after the date of enactment of this subsection; and
- (ii) update the study not later than every 5 years thereafter.

(C) **BASIS.—**The Secretary shall base the study on the best available data and science.

(D) **RECOMMENDATIONS.—**The Secretary shall include in the study such recommendations as are appropriate to reduce the impacts described in subparagraph (A).

(E) **PUBLIC PARTICIPATION AND AVAILABILITY.—**In carrying out this paragraph, the Secretary shall—

- (i) consult with States, Indian tribes, and other interested stakeholders;
- (ii) make available, and seek public comment on, a draft version of the study results; and
- (iii) make the final study results available to the public.