

# FINAL BILL REPORT

## SHB 1422

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Synopsis as Enacted

**Brief Description:** Authorizing a forest biomass to aviation fuel demonstration project.

**Sponsors:** House Committee on Technology, Energy & Communications (originally sponsored by Representatives Stanford, Orcutt, Chandler, Warnick, Van De Wege, Green, Smith, Jacks, Blake, Sullivan, McCoy, Kretz, Tharinger, Ryu, Short, Sells, Lytton, Lias, Frockt, Moscoso, Billig, Probst, Rolfes, Dunshee, Maxwell, Upthegrove and Kenney; by request of Commissioner of Public Lands).

**House Committee on Technology, Energy & Communications**  
**Senate Committee on Natural Resources & Marine Waters**

### **Background:**

#### State Trust Lands.

The Department of Natural Resources (DNR) manages 5.6 million acres of forest, range, agricultural, aquatic, and commercial lands for the people of Washington. The DNR manages approximately 2.3 million acres of forested state trust lands.

Under a mix of authorities, including state law, the state Constitution, and the state's federal Enabling Act, these state trust lands are held by the state for specified trust beneficiaries. In total, there are 18 trust beneficiaries that derive some level of economic benefit from the management of these trust lands. The beneficiaries include common schools, the state universities, community colleges, counties, and the state's capital budget.

#### Biomass Energy Pilot Projects.

In 2009 legislation was enacted authorizing the DNR to implement biomass energy pilot projects in eastern and western Washington. The purpose of the pilot projects is to demonstrate that removing biomass feedstock in ecologically sustainable ways to produce energy (liquid fuels or heat and electricity) may provide income for forest landowners while improving forest health, creating rural jobs, reducing wildfires and greenhouse gas emissions, and aiding in the production of renewable energy.

In January 2010 the following four biomass projects were selected:

- Parametrix (Bingen, Washington) is developing a transportable system that uses fast pyrolysis technology to rapidly convert forest biomass to liquid fuels and bio-char.

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- Borgford Bioenergy, LLC. (Colville, Washington) is installing a slow pyrolysis system to generate bio-char, bio-oil, and syngas.
- Atlas Pellets (Omak, Washington) proposed to purchase, install, and operate off-the-shelf debarkers, grinders, and chippers to produce fuel pellets from forest biomass.
- Nippon Paper (Port Angeles, Washington) is replacing an existing oil-fired boiler with a high-efficiency biomass boiler and turbine-generator unit at its paper mill, and plans to sell electricity generated by the unit to an electric utility as a renewable energy resources.

#### Long-term Biomass Supply Contracts.

In 2010 the DNR was authorized by statute to enter into long-term contracts to supply forest biomass from DNR-managed lands. Under this authorization, the DNR may: (1) conduct separate sales within valuable materials contracts; (2) enter into long-term competitive contracts of five years which may be renewed up to three times; (3) carry out direct sales contracts without public auction; (4) offer 15-year contracts for entities making a qualifying capital investment of \$50 million; and (5) lease state lands for the purpose of integrated biomass supply area and facility siting.

#### Forest Biomass Supply Assessment.

Before entering into long-term contracts for forest biomass from state-managed lands, the DNR must first assess the available supply of biomass in the contract area. In 2010 the DNR received a grant from the United States Forest Service to perform a statewide forest biomass supply assessment. The DNR selected the University of Washington's School of Forestry to conduct the assessment.

The Forest Biomass Supply Assessment will assess forest biomass availability and sustainability throughout Washington on all forest land ownerships, including state-owned lands. The Forest Biomass Supply Assessment is scheduled for completion by August 2011.

For these purposes, "forest biomass" means the by-products of prescribed or permitted forest management practices; forest protection treatments; or forest health treatments. "Forest biomass" does not include wood pieces that have been treated with chemical preservatives such as: creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old growth forests, except wood removed for forest health treatments; or municipal solid waste.

#### **Summary:**

The Department of Natural Resources (DNR) and the Department of Commerce are directed to cooperate and consult with the University of Washington (UW) and Washington State University in their development of forest biomass to aviation fuel by:

- identifying opportunities for state lands to generate trust income;
- identifying how to manage trust lands with potential for contributing to biomass to aviation fuel projects in a manner consistent with any findings by the UW concerning operationally and ecologically sustainable feedstock supply;
- identifying the most cost-effective, efficient, and ecologically sound techniques to deliver forest biomass from the forest to the production site;
- addressing and planning to ensure sustainability of forest biomass supply;

- exploring linkages with other biofuel efforts;
- identifying any barriers to developing aviation biofuel in Washington;
- entering into partnerships with research universities and the private sector to conduct a pilot project;
- collaborating with the federal government, other states, and Canadian provinces; and
- identifying and applying for funding sources.

The DNR must report to the Governor and the Legislature:

- by December 1, 2011, on activities pertaining to forest biomass to aviation fuel, including expenditures and revenue sources;
- by December 1, 2011, and December 1, 2012, a summary of research activities, scientific reports, and pilot projects pertaining to forest biomass to aviation fuel by state research institutions, including the status of ongoing activities and summaries of the findings with their implications for management of forest trust lands; and
- by December 1, 2011, and December 1, 2012, on the progress of the Forest Practices Board's Forest Biomass Policy Work Group consideration of the science, policy, available technologies, and best management practices related to forest biomass harvest, including final recommendations to the Forest Practices Board.

A percentage of the income, proportionate to the percent of state resources, derived from the investment of state resources in the development of patents, copyrights, proprietary processes, or licenses developed by the forest biomass to aviation fuel demonstration project must be deposited in the State General Fund.

**Votes on Final Passage:**

House	93	1	
Senate	47	0	(Senate amended)
House	96	0	(House concurred)

**Effective:** July 22, 2011