

Recommendations to Advance the Role of Bioenergy in Montana

Montana Bioenergy Workshop

May 11-12, 2009

Background

On May 11th-13th, 2009 state agencies in Montana and the Western Governors' Association (WGA) hosted the Montana Bioenergy Workshop with support provided by the U.S. Department of Energy, U.S. Department of Labor and the Energy Foundation. The impetus of the workshop was the release of the WGA Transportation Fuels of the Future Report, the accompanying Western Strategic Bioenergy Assessment, and Governor Schweitzer's consistent advocacy for fully developing all of Montana's energy resources in an environmentally responsible manner in ways that address climate change/greenhouse gas reduction while bolstering North American energy security and spurring economic development in Montana by creating good paying jobs and increased tax base. The objective of the workshop was to utilize these reports and successes to further develop policy recommendations for the promotion and deployment of advanced biofuels production and infrastructure. A planning committee made up of representatives from the Governor's Office of Economic Development, Western Governors' Association, Montana Department of Commerce - Energy Promotion and Development Division, Montana Department of Environmental Quality, and the Montana Department of Natural Resources and Conservation established the agenda and invited over 120 guests from the biofuels industry, federal and state agencies, non-governmental organizations, academic institutions, and the Montana legislature. After receiving briefs from industry experts, NGO's, academics, and state and federal agencies involved in the regulatory, funding, or policy development for bioenergy, participants attended breakout sessions focusing on three core topic issues: developing biofuels infrastructure, sustainable feedstock opportunities, and workforce opportunities and challenges. The following recommendations represent the unedited suggestions that emerged from these conversations and are those that participants identified as central to developing bioenergy in Montana, are actionable, and are of highest priority.

Recommendations to Gov. Schweitzer and the Montana Legislature

Federal Legislation and Recommendations

- Governor Schweitzer should promote forest management to mitigate wildfire, insects and disease on both a state and national level. Access to federal land is a significant barrier in northwestern Montana, but will ensure forests' survival and provide a reliable, firm source of renewable energy and reduce our carbon footprint. The scale and shape of bioenergy development must match the amount of material produced through environmentally sound, sustainable land management.
- Collaboratively developed proposals for active management on Montana's National Forests, such as the Beaverhead-Deerlodge Partnership and Blackfoot Clearwater Stewardship Proposals, should be legislatively authorized. It is recommended the Governor support these proposals and the continuation of Stewardship Contracting Authority, which allow National Forests to bundle restoration projects with revenue-generating timber projects, reducing dependency on appropriated dollars. Current authorization for Stewardship Contracting will expire in two years.
- The scale of cellulosic ethanol plants eligible for federal support should be revised to include smaller scale facilities. These projects can be smaller to remain sustainable and avoid excessive haul distances, but can still be cost effective.
- The state should coordinate cooperative grant applications to consolidate individual, small-scale efforts in order to reach the large scale required by federal programs. Doing so will be essential to continued rural development in Montana.

Develop a State Bioenergy Plan

Montana should pursue the development of a statewide, interagency bioenergy strategic plan to facilitate the development of bioenergy. This Plan would:

- Quantify the state's biofuel potential resources and consider competing uses for these resources.
- Develop methods of enhancing supply assurance such as long-term contracts on state trust lands and/or assurance of supply in lieu of a tax credit and/or piloting projects such as the Beaverhead-Deerlodge Partnership and Blackfoot Clearwater Stewardship Proposals (Collaboratively developed proposals for active forest management.)
- Recommend policies that account for the state's feedstock variability; for example land use issues can focus on rotational crops and prairie grasses to avoid competition with food crops.
- Identify cross-agency issues and opportunities to streamline the permitting process associated with new bio-energy projects. Increasingly issues cross more than one agency's jurisdiction. For example, the DEQ has a permitting and compliance division and the DNRC issues licenses and permits.
- Take advantage of existing infrastructure such as existing transmission lines and opportunities for combined heat and power projects. For example, the Environmental Protection Agency notes proximity to the fuel source as an important consideration but this must be combined with the energy infrastructure.
- Promote biomass by co-firing wood or agricultural residue at existing energy generating facilities where technically feasible. Biomass co-firing is the combustion of biomass combined with fossil fuels such as coal in power stations to produce electricity.
- Lead by example. With hundreds of flex fuel vehicles as part of its fleet, the state can require that vehicles capable of running on E85 do so when practical.

Reevaluate the Incentive Structure for Bioenergy

Critical steps that need to be considered when structuring incentives for bioenergy include hauling, blending, producing, and the growing of feedstocks.

- Determine the potential import and export market for bioenergy and its byproducts. One example is when syngas is produced, biochar is also a potential export for soil amendments. A study of the potentials would assist this industry.
- Account for water laws and potential restrictions. Any project that has potential discharge must apply for permits with the Department of Natural Resource and Conservation Department; the U.S. Army Corps of Engineers and the U.S. Environmental Protection Agency.
- Various methods of supply assurance from long-term contracts on state trust land to assurance of state biomass supply in lieu of tax credits.
- The state should examine existing infrastructure for additional opportunities for combined heat and power (CHP) projects. This would include community level distribution and require setting a proper value for the heat product.
- The state Renewable Portfolio Standard should be revised to recognize and allow that the cost of renewable power will be higher in the short run than traditional sources. Steps to encourage distributed generation would also encourage the development of rural and small scale biomass projects.

Develop an Education Plan

Public Sector

- Review core curriculum to advance the strength of science and vocational programs from early elementary through advanced degrees.
- Offer vocational training specific to the needs of bioenergy.
- Develop steps to bridge the gap in research and extension over utilizing resources and how the production contributes to climate issues.
- Review requirements of the industry to create sector sustainability.

Private Sector

- Continue communication between the Governor and industries with the Governor's Office of Economic Development.
- Offer reverse job fairs to educate about the opportunities of this industry.
- Promote On the Job Training apprenticeships.

Public – Private

- Partnership and outreach with education from wide spectrum of interests addressing young and old audience.
- Provide education by both state and federal agencies on potential and existing regulations for developers and land owners to understand the processes.