

## Prineville Sawmill Moves Forward with Biomass Energy

*by Bend Weekly News Sources*

The economy of Prineville just became a little less dependent on imports of non-renewable fossil fuels. The Prineville Sawmill Company has chosen a wood-fueled "biomass" boiler to fire the kilns for its new lumber drying facility northwest of the city.

In recent decades lumber kiln drying facilities have typically opted to use natural gas fired boilers to heat their kilns. But natural gas prices have risen dramatically since 2000 and biomass energy is becoming increasingly attractive as a way to buffer large scale energy users from future price spikes and shortages.

The 500 horse power boiler purchased by the Prineville Sawmill Company (PSC) is expected to burn 6,300 bone dry tons of woody biomass fuel in its first year of operation at a fuel cost of approximately \$240,000. To produce the same amount of thermal energy using natural gas, over 1 million therms of fuel would be needed at a cost of over \$1 million. Energy savings will only increase in future years as the PSC increases facility production from 12 million board feet in its first year up to its full capacity of 24 million board feet. "Using biomass makes good economic sense for the Company and it will provide local jobs and community and environmental benefits" said Craig Woodward, CEO and owner of the Prineville Sawmill Company.

Federal and state incentive programs also made biomass energy an attractive choice for the Prineville Sawmill Company. The PSC was awarded a \$44,000 grant from the USDA Renewable Energy System Grant Program for its boiler system and anticipates the award of a \$44,800 Business Energy Tax Credit from the State of Oregon as well. These incentive programs are aimed at increasing national and state energy independence through expanded production of renewable energy, particularly in rural areas. "We wanted to use biomass anyway but the grants and tax credits provide another good reason to choose a renewable energy system" said Woodward.

The OSU Cooperative Extension and the Central Oregon Intergovernmental Council (through a technical assistance grant from the Department of the Interior) played a key role in securing the USDA Renewable Energy grant and the state Business Energy Tax Credit for the Prineville Sawmill Company. While Craig Woodward was aware that there were incentive programs that might help the start up of his new business he did not actively pursue them. "I wasn't interested in these kinds of grant programs in the past because of the long applications, bureaucratic requirements and lag time involved" said Woodward. But assistance from the OSU Extension and COIC in researching the programs and preparing the applications made it

“relatively painless and worth my while to apply.” The USDA Renewable Energy System Grant Program can provide federal grants to cover up to 25% of a renewable energy project and can also provide long-term, low-interest loans. The Oregon Business Energy Tax Credit allows a business to recoup up to 35% of their investment in a renewable energy project in tax savings. “These programs provide great opportunities to help build strong local businesses, increase our energy security, and help revitalize our communities” said Libby Rodgers, OSU Crook County Extension Service. “We hope to help many other businesses develop renewable energy projects and access these federal and state incentive programs. There are hundreds of thousands of dollars of incentives available.”

Using woody biomass to generate energy not only diversifies and expands energy supplies, it also provides many other benefits. “Using locally abundant woody biomass as an energy feedstock can help to restore fire-adapted ecosystems, reduce the risk of catastrophic fire in our communities, and create opportunities for family wage employment” said Scott Aycock, Program Administrator for the Central Oregon Intergovernmental Council (COIC). “Across Central Oregon we are working to restore forest ecosystem structure, process and function in dense stands that are in close proximity to residential areas through small tree thinning. These thinnings help to protect our communities from catastrophic wildfire and can generate a large volume of woody biomass fuel for energy production. When we can find economic uses for the biomass by-products of restoration and fire risk reduction activities we can also create jobs for people to work in the woods.”

A December 2002 report by TSS Consultants estimated that between 152,000 and 304,000 bone dry tons of woody biomass fuel resources could be sustainably available each year within a 50 mile driving distance of Prineville “enough to generate 18 megawatts of electricity. Potential sources of biomass include forest restoration thinning treatments in the Wildland-Urban Interface, juniper removal/watershed restoration treatments in local rangelands, wood waste diversions from landfills, and residues from wood product manufacturing facilities. The Oregon Forest Resources Institute further estimates that forest restoration thinning treatments over 4.25 million acres of highly fire prone forest across the state could produce 1 million bone dry tons of biomass per year.

The new Prineville Sawmill Company facility will provide custom lumber drying for several major Northwestern forest products companies and local lumber producers as well as drying lumber from the Woodward’s™ own lands and operations. The Company anticipates drying its first batches of lumber in November 2006.

While the Prineville Sawmill Company will use biomass fuel to produce thermal (heat) energy for direct industrial use, two other initiatives in Central Oregon plan to use biomass to generate electricity. Warm

Springs Forest Products Industries and Silvan Power Company are currently planning biomass energy plants that will generate a total of over 55 megawatts per year.

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