



May 5, 2022

Senator Joe Manchin
306 Hart Senate Office Building
Washington, D.C. 20510

Senator Manchin;

We are writing to request the opportunity with you and your staff to share the story of wood pellet manufacturing in West Virginia and its importance to the state's robust forest products economy. As you well know, West Virginia is blessed with an incredible forest resource. Over three-fourths of the state is forested, most of it in hardwoods and most of it privately owned and available for use in the production of a wide variety of forest products including dimensional lumber, hardwood flooring, lumber for export, furniture, and an ever-increasing array of wood products. The sustainable utilization of this resource has grown into a **\$3.2 billion** industry in the state, directly employing nearly **30,000** West Virginians.

The production of any forest product generates wood waste. Anyone who has operated a table saw in their garage understands this. What is difficult for most people to understand is the incredible volume of wood waste generated when manufacturing forest products. Across the United States wood product manufacturers generate millions of tons of sawdust, chips and planer shavings every year. Finding a consistent and reliable disposal option for those materials is a critical piece of every forest product manufacturing site's operational plan. Here is where the wood pellet sector enters West Virginia's wood products manufacturing story. Wood pellet manufacturers not only utilize a good portion of these wood residues, they pay for them, introducing an important revenue stream for wood products manufacturers. West Virginia has three wood pellet manufacturers operating in the state, generating vital demand for these residues; **Appalachian Wood Pellets in Kingwood, Hamer Pellet Fuel in Elkins and Lignetics of West Virginia in Sand Fork**. Together these facilities can produce over 200,000 tons of wood pellets every year, creating consistent demand for well over 300,000 tons of wood residues. The Energy Information Administration reports the average price in the eastern region of the U.S. for wood manufacturing residuals was **\$35.82** per ton. In 2021 wood pellet manufacturers spent over **\$10 million** on wood residues in the state. Those residues are converted into a high-quality, renewable and cost stable fuel utilized within the region for home and commercial heating applications.

For decades clean-burning, renewable wood pellets found themselves overlooked as federal policies were deployed to incentivize clean energy solutions. The wind and solar categories experienced incredible growth, buoyed by investment tax credits. For over a decade the wood pellet sector worked tirelessly to even the playing field and in December of 2020 provisions of the Biomass Thermal Utilization Act (BTU Act) were included in the omnibus spending bill signed by then President Trump. This tax credit, available to homeowners choosing to install qualifying wood and wood pellet appliances

has been an incredible boost to the sector. Still, the tax credit was not eligible for commercial installations and expires for residential buyers in December of 2023.

You have indicated an interest in forwarding a tax package that incentivizes clean energy technologies as the federal government considers how and where to invest in our nation's infrastructure. We urge you to include an extension of the residential tax credit on qualifying wood and wood pellet stoves in any clean energy tax package you build. Additionally, we would ask you to expand the scope of this important tax credit to commercial installations under section 48 of the IRC.

Wood pellet manufacturing is vital to West Virginia's forest products sector. Wood pellet manufacturers in the state directly benefit from every new wood pellet stove or boiler sold. We now know the tax credit leads to increased pellet appliance sales and would urge you to include an extension of the credit in any clean energy tax provisions you advance for consideration by the Senate.

Thank you for your time and attention.

We would be happy to further discuss our businesses and how we support the West Virginia forest products economy at your convenience.

Sincerely,

Tim Portz

Executive Director
Pellet Fuels Institute



Tom Plaughter

Vice President of Operations
Appalachian Wood Pellets
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Brett Jordan

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