



May 11, 2022

Senator Ron Wyden
221 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Wyden;

We are writing to request the opportunity with you and your staff to share the story of wood pellet manufacturing in Oregon and its importance to the state's robust forest products economy. As you well know, Oregon is blessed with an incredible forest resource. Half of the state's landmass is covered in lush and productive forests. Over 80% of the forests in Oregon are classified as working timberlands. The sustainable utilization of this resource has grown into a **\$18.1 billion** industry in the state, directly employing nearly **70,000 Oregonians**.

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 Oregon'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.

Oregon has five wood pellet manufacturers operating in the state, generating vital demand for these residues; **Lignetics of Oregon** in Cascade Locks, **Lignetics of Oregon** in Brownsville, **Frank Pellets** in Mill City, **Blue Mountain Lumber Products** in Pendleton and **Traeger** in Redmond. Together these facilities can produce over 230,000 tons of wood pellets every year, creating consistent demand for well over 330,000 tons of wood residues. The Energy Information Administration reports the average price in the western region of the U.S. for wood manufacturing residuals was **\$35.82** per ton. In 2021 wood pellet manufacturers spent over **\$8.3 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.

Wood pellet manufacturing is vital to Oregon'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 support the extension and expansion of the tax credit our sector currently enjoys.

Thank you for your time and attention.

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

Sincerely,

Tim Portz

Executive Director
Pellet Fuels Institute



Jim Frank

Owner
Frank Pellets
Mill City, Oregon



Brett Jordan

Chief Executive Officer
Lignetics of Oregon
Cascade Locks, Oregon
Brownsville, Oregon

