

The Michigan Association of Timbermen



8 April 2010

To whom it may concern:

The Michigan Association of Timbermen (MAT) is pleased to submit the following comments on the Biomass Crop Assistance Program (BCAP) as requested by the Farm Service Agency to the Federal Register dated February 8, 2010. MAT is a State Trade Association representing the primarily professional timber harvesters as well as small to medium sized mills. Our members are the family owned businesses that actually do represent those that will be responsible for the collection, harvest, transportation and storage of renewable woody biomass. We are not in the conversion to energy business, but we do supply the raw material to the conversion facilities.

Title IX, Section 9011 of the Food, Conservation and Energy Act of 2008, often referred to as the 2008 Farm Bill, established a program called the Biomass Crop Assistance Program to support establishment and production of eligible crops for conversion to bioenergy, and to assist agricultural and forest landowners with collection, harvest, storage and transportation of these crops to conversion facilities

It is clear that the intent of Congress for the BCAP program as described in the 2008 Farm Bill was to assist with the Collection, Harvest, Storage and Transportation of renewable biomass to be delivered to biomass conversion facilities. The USDA Economic Research Service website also indicates this interpretation of the Bill.

What we are seeing is the trend by many traditional forest products manufacturers and some already existing wood-fired electrical generation facilities to immediately drop their delivered rates for woody biomass materials once they become enrolled in the BCAP program as an eligible Biomass Conversion Facility (BCF) by as much as 40%. We have also experienced large landowners raising their stumpage prices to ensure their piece of the pie. This artificial manipulation of market prices capitalizing on funds available thru the BCAP program is not allowing the intent of Congress to encourage the growing and harvesting of biomass to be met. With the incentives going to the conversion facilities and large landowners there is no incentive for eligible small landowners or producers to invest in improvements in the collecting, harvesting, storing and transporting of biomass; much less the establishment of more acreage in biomass crops for future use as was intended by the program.

We believe one of the issues with this program is BCAP was focusing on the supply side of biomass when that is not the issue here in Michigan. The logging community has not been producing at full capacity over recent years, this created more competition for the same amount

The Michigan Association of Timbermen

of volume. This has resulted in inflated or artificially high stumpage prices. We feel that BCAP could have been a program that could have helped develop new or expanded biomass markets.

The FSA has recommended 3 options for payments under the BCAP program in the proposed final rules. We believe FSA should revisit these options. None of these options ensure that the intent of Congress is being met and that the program would then encourage new growth and investment in a biomass/bioenergy industry. Our recommendation is to figure out a payment option that would best serve the intent of Congress in creating the program.

If any of the options being considered are to be implemented, then there must be some sort of mechanism in place that allows the FSA to monitor delivered rates to eligible BCFs and make certain that the funds that are intended for the growers and producers of the program are actually making it to the growers and producers and not being absorbed by the BCF's in the form of delivered rate reductions if the BCAP program is going to meet the intent of Congress when authorizing the program in the 2008 Farm Bill.

We sincerely thank you for the opportunity to comment on the BCAP program, and it is our sincere belief that if the intent of Congress can be met in the administering of the program, then the program can do much in the way of increasing investments in the planting of biomass crops and the investment in technology and equipment. This will allow our members to more efficiently harvest and transport biomass to conversion facilities, thus lessening our dependence on traditional fossil fuels while at the same time help reduce greenhouse gas emissions into the atmosphere

Submitted by,

Thomas A Barnes
Executive Director
Michigan Association of Timbermen
7350 S M-123
Newberry MI 49868
Office – 989-348-3258
Fax – 989-348-8504