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Karen Jackson

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Ms. Jackson,

On behalf of the Ontario Forest Industries Association (OFIA), I am writing to express our support for the government’s draft Forest Biomass Action Plan (the “Action Plan”) and its objective to increase the utilization of sustainably harvested forest biomass to support green, economic development. Forest biomass has played an important role in forest and mill operations since the industry’s beginning, and it will have a pivotal role in the industry’s future.

Based on our review of the Action Plan, we would like to provide the following recommendations:

1. ***Protecting the existing base of biomass generation and consumption in Ontario by ensuring recommendation 2.1 of the Action Plan is treated as a priority and is included in the finalized version.***

A future for biomass energy in Ontario requires a strong base of support for existing capacity. Without a solution for existing operational and installed capacity, Ontario will experience a contraction of the sector instead of expansion. We are asking the government to provide certainty to existing forest biomass facilities facing expiring power purchase agreements (PPA) facilities that these agreements, or an equivalent, will be renewed into the future. Once this action is addressed, a more productive conversation around new projects and the Biomass Action Plan can occur. As explained in the Biomass Action Plan, the forest industry is fully integrated, with biomass electricity generation playing an integral part in the profitability and business case of forest processing facilities. Eliminating this piece would put at risk the survival and competitiveness of the other facilities.

We recommend the Ministry of Natural Resources and Forestry (MNRF) focus its initial efforts on ensuring the right environment is in place to ensure existing enterprises and capacity already installed in the province are able to thrive and grow. A desire for new, greenfield biomass projects is an attractive and ambitious goal. However, existing facilities that have been engineered to consume significant volumes of biomass material should not be ignored. Along with other benefits, these facilities are nimble and can provide both a consistent baseload of electrical energy or peaking generation to Ontario’s grid and require fair pricing given the significant social and economic value provided to the province.

1. ***Incentivize the use of forest biomass at existing facilities.***

There is an opportunity to capitalize on the existing infrastructure and capacity already operating in the province. Making the best use of what currently exists should take priority, rather than new, greenfield projects. For example, the government should consider raising the cap set within PPAs for electricity production. This will quickly incentivize more biomass consumption, allow facilities to realize economies of scale, and expand the sector. The government has other tools available to further incentivize biomass use such as Emission Performance Standards (EPS) developed under the Ministry of Environment, Conservation, and Parks (MECP). However, these other complementary regulations should be carefully designed to ensure that biomass in not inadvertently penalized versus fossil fuel options, and that when added costs are imposed, assistance is available to identify alternative options. For example, while the Federal Clean Fuel Standard can provide a market for the production of forest biomass-based biofuels, it will at the same time increase harvesting cost, when no alternative to fossil fuel-based forestry equipment is currently available. Funds collected from the fuel surcharge could be allocated to help develop, finance, and transition to alternative equipment.

1. ***Analyze the social, economic, and environmental impacts of forest biomass and strengthen supply chains.***

Ontario’s forest sector experiences a high degree of integration; material produced from one facility is the feedstock for another. Biomass facilities play a critical role as a large consumer of wood chips and residues, contributing to the economic sustainability of sawmills, veneer, OSB, and laminated strand lumber. Without some form of continuance for existing biomass generation facilities mentioned in the previous section, Ontario risks negatively impacting the viability of several other facilities.

We recommend that MNRF’s Biomass Action Plan undertake an analysis of the social, economic, and environmental impacts to this supply chain based on potential scenarios of forest biomass use. Scenarios may include reduced capacity and mill closures because of expiring PPA contracts or expanded use through upcoming policy and competitiveness measures. This analysis must be done jointly with industry to ensure accurate results.

1. ***Establish a baseline of the forest biomass consumption in Ontario to measure future progress and success.***

It is necessary that a baseline of provincial forest biomass consumption be established as part of the Plan’s implementation. A baseline and quantitative goals need to be developed and shared with industry. It is impossible to measure progress without knowing where we are starting from, and it is important that both industry and government know the metrics that the Plan’s success will be judged by.

***The Unique Benefits and Challenges of Forest Biomass***

In order to ensure successful implementation of the Action Plan, the MNRF should consider opportunities to substantially enhance forest biomass consumption in processes that already have the necessary infrastructure and equipment in place, like cogeneration facilities, MDF facilities, and landscaping material such as engineered soils and mulch. Although most new opportunities for innovative products are many years away, it is necessary for industry and government to enhance existing forest biomass operations, and begin planning for the future of Ontario’s green economy now.

A healthy traditional forest industry is needed to form the basis of new product development. New facilities and product lines would typically be integrated within or adjacent existing processes to make use of common ancillary equipment. Without these synergies, many opportunities will not be able to survive on their own at least initially. By spurring increased economic develop through the increased use of forest biomass , the draft action plan will also help to level the economic playing field for Indigenous business and will create jobs and opportunities for Indigenous people across Ontario.

Forest biomass can become a significant cost centre and environmental issue for operations without a strong market to consume it. Existing PPA facilities consume a large volume of material from surrounding facilities. Without these assets, Ontario could be landfilling over a million tonnes, or approximately 30,000 truckloads, of wood fibre annually. Biomass landfills that would have to be created would generate leachate and methane emissions, and would be contrary to other Ontario policies on water quality and greenhouse gases. Given the costs and timelines involved in opening new landfill sites, we do not view this as a realistic or legitimate option. In a time that the province is acting boldly about the future of Ontario’s forest sector, and “putting more wood back to work” through the Strategy, landfilling a valuable public resource would be a regrettable outcome.

***Differentiating Forest Biomass from Other Forms of Green Energy***

Forest biomass must be viewed differently from wind and solar farms. Wind turbines and solar panels are essentially passive income for those who have received green-energy agreements under the previous government. Once installed, these forms of renewables require minimal staffing to operate and provide marginal socio-economic value to the surrounding communities.

In contrast, forest biomass facilities bring greater value to the local economies of northern and rural Ontario. They represent only 0.03% of all contracts managed by the IESO, but provide a disproportionate amount of benefits to the province and the regions they support. Jobs are created through the ongoing operations of these facilities while supporting a highly integrated supply chain between pulp and paper, lumber, and panel mills. Most importantly, the province has committed to strengthening and expanding this industry’s footprint compared to other energy sources.

Burning forest biomass to produce heat and power is the most effective way to consume significant biomass volumes, and the only major market for this power is the provincial grid. We are strongly supportive of recommendation 2:1, ensuring that existing biomass facilities have access to this market at fair pricing. We would also encourage the expansion of this use of biomass to increase overall consumption.

***Forest Management Planning, Sustainability, and Wood Supply Benefits of Forest Biomass***

The health of biomass-consuming facilities is key to supporting the entire integrated forest sector. Without a market for mill residuals, sawmills and other provincial mills will not have an outlet for these products. Similarly, without a market for all grades, products, and species from the forest, many stands can not be economically harvested, thereby locking up other timber from these areas – preventing saw and panel mills from meeting a new and increased demand for dimensional lumber and other specialty products.

An improved market for biomass will assist forest managers in achieving the objectives of forest management plans and improving the sustainability of our managed forests. The ability to consume large volumes of biomass in residual form and directly from the forest is key to building a sustainable, circular bioeconomy in Ontario. The resulting electricity is green, low-carbon, sustainable, and contributes positively to mitigating climate change.

We would like to thank the Ministry for offering stakeholders the chance to comment on the draft Plan through its voluntary posting on the environmental registry. A strong forest sector will be a vital part of a green economic recovery for Ontario, and through this action plan, biomass has the potential to be a cornerstone of our sector for decades to come.

Sincerely,

Ian Dunn, R.P.F.

President & CEO

Ontario Forest Industries Association

CC Minister Greg Rickford, Minister of Northern Development, Mining, Natural Resources and Forestry

Minister David Piccini, Minister of Environment, Conservation and Parks

Minister Todd Smith, Minister of Energy