

Wood-to-Energy Check-off Program

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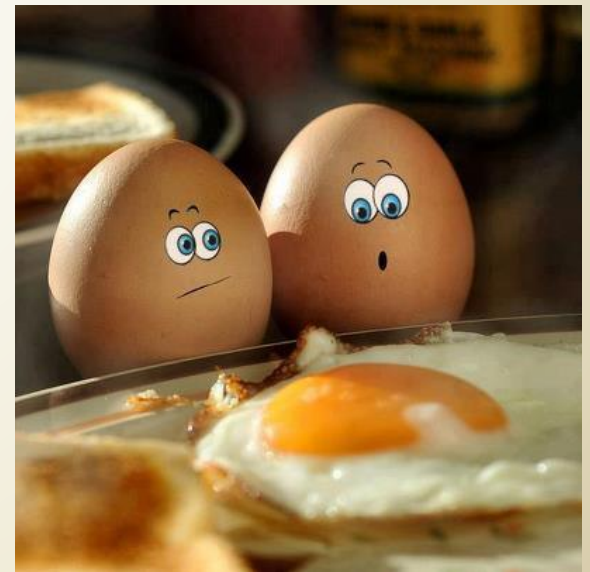
What is a Check-off Program?

- Goal: Expand markets for ag commodities
- Formed at the request of the industry
- Funded by the industry
- Administered by industry-selected Board of Directors
- Approved by the Secretary of Agriculture



Benefits of a Check-Off Program

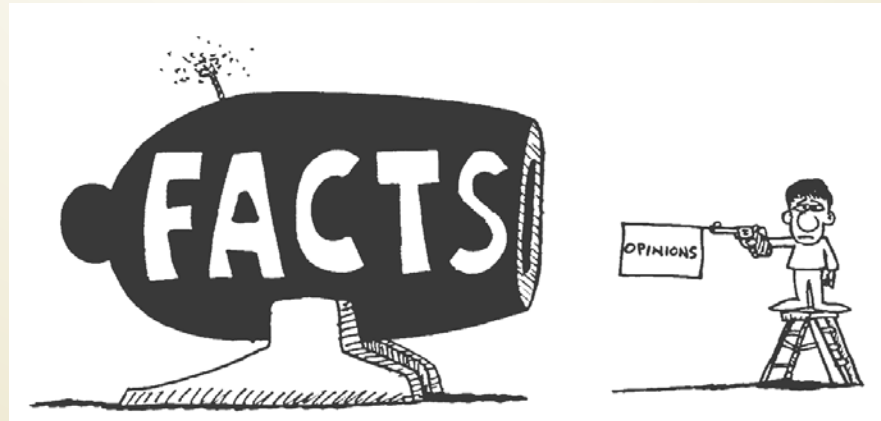
- Increase sales
- Increase market profile
- Research in support of commodity
- Provides USDA “seal of approval” on all research collected



What might Wood to Energy Fund?

Research and promotions including but not limited to:

- Greenhouse gas and carbon accounting for wood as a source of energy
- Forest health and sustainability
- Value of wood for heat
- Economic and employment impact in our industry



Wood-to-Energy Check-off Program Group

- Ad hoc group of nine industry representatives
- First meeting February 2015
- Goal: Generate understanding and create an approach to determine value and feasibility of a check-off program



Why this is happening?

Concerned Industry Participants

U.S. Endowment for Forestry and Communities

U S Forest Service

Participants

- Pellet and biomass power producers
- Estimated at 80 – 110 participants
- Preconsumer, virgin fiber, woody biomass



Status and Next Steps



- The concept is under review by an industry working group and we are currently seeking industry input
- Determine potential population (95% complete)
- Create draft order for circulation (end of 2015 – early 2016)
- Edit draft based on feedback
- Submit to USDA / Agriculture Secretary Quarter 1 or Quarter 2 2016
- Formal vote – target late 2016

How will Check-off and Assessment be Governed?

- Propose Board of Directors of 11 – 15 members
- Representative of volume, geographic distribution, size (e.g. small vs. large) and industry sub-sector
- Approved by Secretary of Agriculture
- By law, a five year independent evaluation of economic impact of the program(s) will occur



Assessment Considerations

- \$5MM annual target
- Recommend unit of assessment (Bone Dry Tons)
- Fund research and promotions to deal with industry challenges
- De Minimus Exemption
- Administrative fees cannot exceed 15%
(\$0.20 - 0.50 / BDT)

Recap

- Working through a concept development phase
- Seeking your input
- Based on your feedback we will make adjustments
- Straw pole vote late 2015 – early 2016
- Mid to late 2016 – earliest formal vote
- Submit to USDA / Agriculture Secretary Quarter 1 or Quarter 2 2016
- Vote – late 2016
- Fund research and promotion – not lobbying
- Target raising \$5MM annually through assessments ≈ 100 companies expected in the mix