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Federal incentives may spur use of Black Hills National Forest waste for energy

By Steve Miller, Journal staff

Federal incentive payments are becoming available for harvesting and delivering wood waste for energy, in a program that will benefit the Black Hills area, according to Sen. John Thune, R-S.D.

At least two Black Hills area companies could benefit directly.

Incentive payments of up to \$45 a ton are available for collecting, storing, harvesting and hauling biomass materials to facilities that produce heat, power, biobased products or biofuels such as cellulosic ethanol.

The money is coming from the first phase of the Biomass Crop Assistance Program (BCAP), even as details are still being worked out by the U.S. Department of Agriculture, according to Thune's office.

Thune worked to include the incentives in the 2007 farm bill.

The incentives cover biomass materials including corn stalks, corn cobs and wood chips.

The USDA is still working on the second part of the BCAP program, which will pay farmers to plant energy-dedicated crops such as switchgrass, Thune said. He said he hopes USDA can get that part of the program up and running early next year.

Thune said South Dakota can benefit greatly from both programs because of its bountiful grasslands, waste products from corn, and wood waste from timber in the Black Hills.

“This is the first large-scale federal program to move us into bio fuels, which I think is part of the process of trying to break the stranglehold that the Middle East has on our economy, our country,” Thune said.

Rapid City-based KL Energy Corp. could benefit from both parts of the BCAP program, said KL President and CEO Steve Corcoran.

KL Energy operates a wood-chip-to-ethanol plant near Upton, Wyo., and hopes to build another plant in the Black Hills, close to a sawmill or another “feedstock” source, Corcoran said in a phone interview Monday. Corcoran said the company hopes to select a site some time this year.

Currently Baker Timber Products of Rockerville provides wood waste feedstock for the Upton plant.

If it is able to establish a plant in the Hills, KL Energy likely would negotiate with other companies so it would have multiple sources of wood waste, Corcoran said.

He said the incentives to plant switchgrass and other cellulosic feedstocks are also important to KL. The company hopes eventually to build a processing plant closer to the most plentiful sources on the Eastern South Dakota prairie, Corcoran said.

The woody biomass incentive payments could also help Neiman Enterprises, which operates sawmills in Hill City, Spearfish and Hulett, Wyo.

The company wants to build an 18.5-megawatt electrical co-generation facility next to its sawmill in Spearfish, according to CEO Jim Neiman.

Neiman envisions the plant supplying steam to dry the company’s lumber and to provide power for all the heating and cooling needs of nearby Black Hills State University.

“That’s the ideal world,” Neiman said.

However, one fly remains in the ointment.

Neiman said his company’s project will work only if the incentives can be used to collect and haul wood waste from the Black Hills National Forest.

Right now, due to a last-minute change in the 2007 Energy Bill backed by House Speaker Nancy Pelosi, wood waste and other biomass materials from federal lands do not qualify for incentives in the renewable fuels programs.

Neiman said a third of the materials for the co-generation facility in Spearfish would come from slash piles on the national forest. The incentive payments would lessen the cost of hauling slash pile waste from the forest.

The same problem arises for ethanol production, Thune said.

“So ethanol producers who are trying to meet the RFS requirement are not going to have any incentive to use biomass from the national forest,” Thune said in an interview.

Neiman went to Washington last week to testify in front of a House subcommittee considering the new American Clean Energy and Security Act.

Rep. Stephanie Herseth Sandlin, D-S.D., is battling to get language inserted into the bill that would qualify wood waste from national forests for incentives.

But that language is not currently in the bill, as it is being batted around among nine separate House committees, according to Betsy Hart, Herseth Sandlin’s communications director.

That’s one reason Herseth Sandlin is opposing the bill in its current form, in addition to the lack of a defined role for forestry and agriculture in sequestering carbon, Hart said.

Sen. Tim Johnson, D-S.D., also supports including biomass from national forests for renewable fuels incentives.

Some environmental groups oppose the use of forest products for any commercial use.

The South Dakota Chapter of the Sierra Club has said it doesn't oppose using wood waste from the national forests for energy, but only within the existing forest management plan. They don't want such a provision to lead to using the Black Hills as a "fuel farm."

Neiman said it makes more sense to grind up slash piles and convert them to energy rather than burning them in the forest, releasing carbon dioxide, or letting them rot on the ground, producing methane, which is "20-30 times more harmful than CO2."

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