

INTER-OFFICE MEMORANDUM

To: Honorable Chairman and Members of the Board of County Commissioners

From: Herbert W. A. Thiele, Esq. 
County Attorney

Date: February 17, 2010

Subject: Information on Proposed Biomass Plant in Gretna, Gadsden County, Florida

At its meeting of January 26, 2010, the Board requested that the County Attorney's Office provide information regarding the recently-announced plans to construct a biomass plant in the City of Gretna, in Gadsden County, Florida.

Project Background:

In December 2009, officials from the City of Gretna, Gadsden County, and the State of Florida, in conjunction with representatives from Adage Gadsden, LCC ("Adage"), held a press conference to announce plans to construct a biomass plant near Gretna. According to an Adage press-release published in the December, 2009 edition of Biomass Magazine (Attachment 1), a site has already been secured and construction is slated to begin before the end of 2010. According to this press-release, the facility will generate enough electricity to power approximately 40,000 homes, and will create 124 permanent jobs and 400 temporary construction jobs. Adage Gadsden, LLC is a joint venture between two larger energy conglomerates: Areva, a nuclear power company also involved in the renewable fuel industry; and Duke Energy Company, one of the largest electric power companies in the U.S.

On January 27, 2010, Adage filed an application for an air permit to construct a proposed nominal 55.4-megawatt (MW) net woody biomass electric power plant in Gadsden County.¹ The permit is currently under review at the Florida Department of Environmental Protection (FDEP). Because the plant will have the potential to "emit minor levels of regulated air pollutants" the site is subject to FDEP's minor source construction requirements. The permit application states that appropriate emission controls and testing will be implemented to ensure that the emissions from the plant have no adverse impact to human health and welfare.

The company is presently constructing a similar biomass plant in Hamilton County, Florida. For the Gretna plant, Adage has stated a current goal of initializing construction during the summer of 2010 for a proposed start-up operation date in 2012. This is consistent with the permitting time line for Adage's Hamilton County plant in which the initial permit application was filed with FDEP May 20, 2009, and final approval to begin construction was issued on January 12, 2010.

¹ The complete air permit application is available for viewing at: <http://arm-permit2k.dep.state.fl.us/psd/0390046/000044CE.pdf>.

According to the permit application, the proposed biomass plant will use a bubbling fluid bed boiler to combust woody biomass materials. The heat generated will be converted to steam, which will drive a turbine and generate electricity. Biomass fuel for this plant will be primarily wood chips, but may also include logging and lumber mill residue and other clean, non-treated wood materials. The plant will not be allowed to burn materials such as particle board, that involve glue or other chemical treatment. For boiler startup, stabilization, and shutdown the plant may use limited quantities of natural gas, propane, or a similar fuel. Although there is some commercial use for the waste product of the incineration process, at present, it appears that the ash from Gretna plant will likely end up in a landfill.

The proposed plant will be located at the intersection of the State Highway 12/Greensboro Highway and Highway 90/Main Street, south of the town of Gretna. The permit application indicates that this particular site was chosen because it is adjacent to existing electrical transmission lines, within close proximity to existing water and sewer infrastructure, and near major roadways for easy access to fuel supply trucks.

Issues of Concern:

Issues of concern can generally be grouped into four main categories: concerns about the effect of air pollutant emissions on the health of residents in the region, concerns about the plant's use of water, traffic impact issues, and concerns about the long term economic effects of the plant's use of timber in the region. Because the plant is not proposed to be located in Leon County, the County has limited standing to challenge state or local government approvals for the project. However, as outlined below, should the County wish to participate in the review of the project, there may be several points of entry where Leon County may submit comments or otherwise participate in the process.

AIR EMISSIONS

The regulation of air pollutants is generally preempted to the State of Florida. Sec. 125.275(3), Fla. Stats. (2009). This authority has been statutorily delegated to FDEP, which has enacted regulations and issues permits related to air quality. Leon County is given a very limited role in the air permitting process generally, and an even more limited role in the permitting of a facility not within its jurisdiction.

As stated above, the similar plant in Hamilton County took about six months from application to the initiation of construction. Permitting for the Gretna plant can be anticipated to be faster due to increased familiarity with the process and the requirements. FDEP's rules require that it provide comments or requests for additional information within 30 days of the submittal of an application. Since FDEP received the application from Adage for the Gretna biomass plant on January 27, 2010, it must conclude its initial review by February 26, 2010.

Subsequent to this initial review, the applicant then has 90 days to submit any information FDEP requested. After receiving the supplemental information, FDEP has another 30 days to review it, and to request additional data that will clarify the supplemented information. Permits to FDEP must be approved or denied within 90 days of the receipt of either the original application or the

last item of timely requested material. Prior to final approval, FEDP will publish a notice of intent to issue an air permit in a newspaper of general circulation in the location in which the permit is proposed to be issued. The appropriate time to raise air quality issues would appear to be in response to this notice of intent to issue. If a final construction permit is issued, it may contain conditions and an expiration date. The permit holder is allowed a specific time period to construct, operate, and test to determine compliance.

Florida Administrative Rule 62-4.070 states that "A permit shall be issued to the applicant upon such conditions as the Department may direct, only if the applicant affirmatively provide the Department with reasonable assurance based on plans, test results, installation of pollution control equipment, or other information, that the construction expansion, modification, operation, or activity of the installation will not discharge, emit, or cause pollution in contravention of Department standards or rules." During the permitting of the Hamilton County facility, FDEP received two citizen comments raising questions about the impact that the proposed plant would have on air quality. FEDP's Final Determination (Attachment 2) dismissed these concerns and determined that "there is reasonable assurance that operation of the proposed equipment will not adversely impact air quality" and that the project would comply with the applicable provisions of the Florida Administrative Code. Based on the similarity in the two plants, it appears likely that FDEP will make the same determination regarding the proposed plant in Gretna.

WATER CONCERNS

Adage has stated on their project website that this plant will use an air-cooled condenser, as opposed to the more typical water-cooled condenser, and that this will reduce water use by over 90% as compared with equivalent biomass plants or other traditional energy manufacturing processes. According to Adage's air permit application, because of the minimal water requirements of this type of biomass plant, Adage also states that the plant siting does not require any proximity to lakes, rivers, or aquifers. This assertion is supported by the site's distance from any significant source of water. Additionally, the absence of any well permit application indicates that the project does not require access to the aquifer.

The site does contain some wetlands which may have some surficial connection with streams or rivers. Adage has filed a Petition for a Formal Determination of the Landward Extent of Wetlands which will determine whether the wetlands on the site are within the State's jurisdiction to regulate. At least one of these wetlands is shown on Figure 2-3 Preliminary Plant Layout contained in the air permit application (Attachment 3). It appears that construction will occur outside of these wetlands. However, any impacts should be addressed either by a state permit or during the local government site planning process. Based on the responses to public records requests made to both the City of Gretna and Gadsden County, it appears that no permit applications have been submitted to either of the local governments at this time. Upon issuance of any local government development order, Leon County may be able to challenge the project for compliance with that local government's comprehensive plan.

While the plant will probably not significantly impact waterbodies, it will be connected to public water and sewer lines. Some sources have estimated that the plant will require 55,000 of water a day. This impact to the public water supply and sewer discharge facilities is comparable to that of 200 homes.

TRAFFIC CONGESTION

The delivery trucks bringing in the wood chips are projected to cause less than a 2% increase in area traffic on Highway 12 and Highway 90. The plant was deliberately sited in the industrial park in an area away from the more congested intersection of Highways 12 and 90 so as to not cause a significant impact on existing traffic patterns. The project is below the required threshold for the Department of Transportation to request a traffic study.

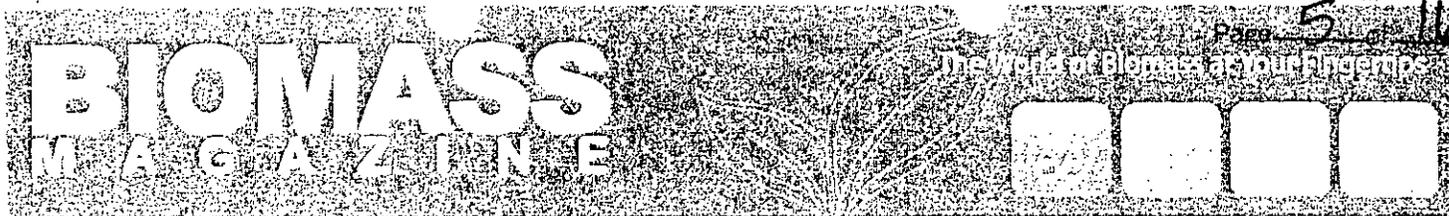
FUEL SOURCE SUSTAINABILITY

An article in the January 10, 2010 edition of the Washington Post entitled "The unintended ripples from the biomass subsidy program" discusses unforeseen economic issues that have arisen as a result of the burgeoning biomass industry (Attachment 3). This article has been cited by several groups opposing the project as being relevant fuel source constraints that may arise in North Florida. In summary, the article looks at the effects of federal biomass subsidies on the price of the fuel source. The article finds that the federal subsidies may be driving up the cost for sawdust and wood shavings which might otherwise be purchased by the composite panel industry, responsible for manufacturing products like particle board and medium-density fiberboard. According to the article, the inflated cost of raw materials may threaten composite material industry, which employs over 21,000 people in the U.S.

Conclusion:

The opponents of the proposed biomass plant in Gretna have raised several issues of concern regarding the effects of the plant on the region. At this time, it appears that Leon County's ability to intercede is very limited. As stated above, the County may file comments in response to any notice of intent provided by FDEP for the applied-for air permit and there may be limited opportunity to intervene in any local government approvals.

HWAT/LMY/JM
Attachments



From the December 2009 Issue

ADAGE chooses Florida site for second renewable energy project

Posted December 10, 2009, at 9:50 a.m. CST

Officials from Gretna, Fla., Gadsden County, Fla., and the state of Florida joined representatives of ADAGE LLC Dec. 10 to announce a proposed renewable energy project in Gretna and discuss the new jobs the project would create. ADAGE is a joint venture owned by affiliates of AREVA and Duke Energy Corp.

"We are excited to partner with the community here in Gadsden County as ADAGE continues to work to build a biopower industry in Florida that will deliver clean energy and new economic development to the state," said ADAGE President Reed Wills. "ADAGE looks forward to working with the city of Gretna to deliver new job opportunities to Florida in 2010."

ADAGE has designed a 50 megawatt facility in Gadsden County that will provide a new source of electricity and significant new economic opportunity. The facility will be fueled by clean wood byproducts sourced locally and deliver enough electricity to power approximately 40,000 homes over its 40-year lifetime.

"The people of Gretna share ADAGE's vision for creating new economic development opportunities through 21st century clean energy technology," said Gretna Mayor Anthony J. Baizer.

ADAGE estimates that more than 400 direct jobs will be created during construction of the Gadsden project and another 124 permanent jobs will be created in plant operations and fuel collection. In addition, analysis for ADAGE's first facility in Hamilton County, Fla. shows that the first 2.5 years of construction and initial operation will create 700 direct and indirect jobs and more than \$100 million in direct economic benefits.

"We look forward to working closely with ADAGE to ensure green-tech jobs and maximize the project's countywide and regional economic impact," added Eugene Lamb, chairman of the Gadsden County Board of County Commissioners.

ADAGE has secured the rights to a site in Gretna and plans to submit the applications for the state environmental permits before the end of the year. ADAGE hopes to begin construction before the end of 2010.

"During these challenging economic times, it is critical to Gadsden County that we have a positive, credible, and sustainable partner in renewable energy," said David Gardner, executive director of the Gadsden County Chamber of Commerce. "We are excited about the economic development opportunities ADAGE presents to our county and our workforce."

SOURCE: ADAGE LLC

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FINAL DETERMINATION

Air Construction Permit
ADAGE Hamilton LLC, Woody Biomass Power Plant

DEP File No. 0470016-001-AC

PERMITTEE

ADAGE Hamilton LLC (ADAGE)
225 Wilmington West Chester Pike, Suite 302
Chadds Ford, Pennsylvania 19317

PERMITTING AUTHORITY

Florida Department of Environmental Protection (Department)
Division of Air Resource Management
Bureau of Air Regulation, Special Projects Section
2600 Blair Stone Road, MS #5505
Tallahassee, Florida 32399-2400

PROJECT

DEP File No. 0470016-001-AC
ADAGE Hamilton Biopower
55.5 Megawatts (MW) Power Plant
Hamilton County

ADAGE Hamilton Biopower will be located in Hamilton County, at the intersection of State Road 6 and County Road 146, immediately west of Interstate Highway 75 and approximately 7.5 miles west of Jasper, Florida. The fuel for the ADAGE Power Plant will be clean woody biomass including: clean untreated lumber; tree stumps; tree limbs; slash; wood residue; bark; sawdust; sander dust; wood chips; scraps; slabs; millings; shavings; pallets; and processed pellets made from wood or other forest residues. The fuel will be combusted in a bubbling fluidized bed (BFB) boiler to produce 55.5 megawatts (net) of electric power. Natural gas, ultralow sulfur fuel oil or propane will be used for BFB startup and stabilization. The project did not require a review under the rules for the prevention of significant deterioration of air quality (PSD) or a determination of best available control technology (BACT).

NOTICES AND PUBLICATION

ADAGE submitted an air construction permit application on May 20, 2009. On October 8, 2009, the Permitting Authority gave notice of its intent to issue an air permit to the applicant for the project described below. The applicant published notice of the *Public Notice of Intent to Issue Air Permit* for this project on October 14, 2009, in The Suwannee Democrat and on October 15, 2009, in The Jasper News.

On October 21 and November 23, 2009 the Department's Office of General Counsel (OGC) received and subsequently granted requests from ADAGE for extensions of time to file a petition for an administrative hearing. During that time, ADAGE submitted its comments and proposed changes to the Draft Permit. These matters were resolved through a Stipulation executed on December 20, 2009 to which was attached a Revised Draft Permit. The link to the Stipulation with attachment is:

www.dep.state.fl.us/Air/emission/construction/adage/stipulation.pdf

ADAGE withdrew its request for extension of time through the Stipulation, waived its right to petition for an administrative hearing and to submit written comments regarding the issuance of a revised Draft Permit. In accordance with the Stipulation, the Permitting Authority withdrew the October 8, 2009 intended air permit and distributed a new notice of its intent to issue an air permit on December 10, 2009.

The applicant published the *Public Notice of Intent to Issue Air Permit* on December 16, 2009, in The Suwannee Democrat and on December 17, in The Jasper News.

The complete project file including the application, Draft Permit, Revised Draft Permit, the Technical Evaluation and Preliminary Determination, key correspondence and comments regarding both draft permits are available at the following web link:

www.dep.state.fl.us/Air/emission/construction/adage.htm

PUBLIC COMMENTS ON THE DRAFT PERMITS

No comments were received from agencies and no further comments were received from ADAGE in accordance with the Stipulation. Comments were received from Ms. Betty Johnson and Mr. David Wiles.

Comments by Ms. Johnson

Ms. Johnson submitted comments on October 22 and December 24, 2009 and included a request to deny issuance of the permit. Her comments are available at:

www.dep.state.fl.us/Air/emission/construction/adage/comments_johnson_010410.pdf and

www.dep.state.fl.us/Air/emission/construction/adage/comments_betty_johnson.pdf

- In both submittals, Ms. Johnson requested that the permit be denied largely on the basis of matters not under the purview of the Permitting Authority.

In response, the Permitting Authority notes that nothing in this air construction permit relieves the applicant from its obligations to comply with other federal, state or local laws or regulations. Condition 3 of Permit Appendix GC states:

"As provided in Subsections 403.087(6) and 403.722(5), Florida Statutes, the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit."

- Ms. Johnson also provided the following rationale to deny the permit:

"Increased toxic pollution to the land, water and air will manifest clear evidence of over burden pollution in the region of North Florida, that will cause adverse affects to a sensitive environmental unique karst terrain and to the public health, welfare and safety of the citizens, and depletion of public-owned conservation land and water resources are significantly threatened and harmed by unnecessarily and unjustified proposals for new development of biomass electric generating facilities and will consume vast acreage for woody biomass fuel supply in the area of the Suwannee River Basin by the applicant, Adage Hamilton, LLC, (56 MW) and American Renewables, LLC, (100 MW) in Hamilton County, by American Renewables, LLC, (100 MW) in Alachua County, and Seminole Electric Utility (100 MW) in Gilchrist County, existing major sources of air toxic pollution emission are include from the White Springs Chemical Plant in Hamilton County, Suwannee American Cement Plant in Suwannee County, Buckeye Technologies in Taylor County, and Packaging Corporation of America (PCA) in Claytonville, Georgia, one of 27 pulp and/or paper mills operating in the State of Georgia, all such facilities that are located within 300 km of the following five Class I areas of the Okefenokee National Wildlife Refuge: 73.1 km, St. Marks National Wildlife Refuge: 73.1 km, Bradwell Bay Wilderness: 128.5 km, Wolf Island National Wildlife Refuge: 201.8 km, and the Chassahowitzka National Wildlife Refuge: 220.8 km, protected under federal law."

In response, the Permitting Authority reviewed an air quality analysis which is discussed in detail in the Technical Evaluation and Determination document. The analysis demonstrated that the sum of ground-level concentrations of nitrogen dioxide (NO₂), particulate matter (PM/PM₁₀), carbon monoxide (CO) and sulfur dioxide (SO₂) caused by the project and background concentrations will be

much less than the respective National or Florida ambient air quality standards (AAQS). This document is available at the following link:

www.dep.state.fl.us/Air/emission/construction/adage/RADAGETech.pdf

The Permitting Authority concluded that there is reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296 and 62-297, F.A.C. and thus is issuing this final permit.

Comments by Mr. Wiles

Mr. Wiles submitted comments on October 26 and November 4, 2009 that objected to issuance of the permit. His comments are available at:

www.dep.state.fl.us/Air/emission/construction/adage/WilesObjectionAdageHamiltonAirPermit.pdf

www.dep.state.fl.us/Air/emission/construction/adage/comments_david_wiles.pdf

- Mr. Wiles stated that *"Florida's atmospheric environment is not a stable or static entity but, rather, a volatile and rapidly changing dynamic". He adds "there is nothing in the twenty-eight pages of application that hints of either the LLC or DEP are considering the dynamic aggregate environment or economic context in near term or long-range consequences for Florida energy production"*.

The air pollution controls required for this facility are very modern and sophisticated for a project of any size and any fuel. The potential emissions from the facility are below the level at which the federal rules for the Prevention of Significant Deterioration (PSD) are triggered. As previously noted, the Permitting Authority concluded that there is reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296 and 62-297, F.A.C.

- Mr. Wiles stated *"The combination of area affected by air pollution and the inclusion of other major polluting industries makes the second disputed issue of material fact a question of the actual toxicity of the current atmosphere in Florida. As with the apparent attempt of the applicant to present a plant proposal just under the various thresholds for 'hazardous air pollutants' (HAP) calculated by emitted tons per year and, further, not be classified as a 'Major Stationary Source' for pollution or 'Power Plant Siting' for MW production:"*.

In response, the Permitting Authority notes that given the fuels and controls, there is no reason to expect the plant to be a major source of HAP. The ADAGE permit is the first in the state to require a continuous emissions monitoring system (CEMS) for the HAP, which is hydrogen chloride (HCl). Furthermore, the combustion techniques and pollution control equipment provide reasonable assurance that the project is not a major source of HAP.

The matter of classification with respect to Power Plant Siting is outside the scope of this action.

- Mr. Wiles asked *"why 53MW of energy are needed in the first place?"*

This matter is also outside the scope of this action.

- Mr. Wiles described a specific objection as follows. *"What is the current Air pollution situation for the proposed Adage-Hamilton addition?" He adds that "DEP accepting 2005 toxic 'ambient' air data is a travesty to the 2009 requirement for accepting a condition of 'relatively healthy' atmosphere available."*

In response, the Department notes that the 2001-2005 data actually relate to the meteorological parameters used for modeling future air pollution dispersion. Such past meteorological data are often used because they have undergone quality assurance for use in predictive modeling. The Department listed in Table 19, ambient air quality data collected throughout the area in 2008 or during time periods that included 2008.

- Mr. Wiles stated that: *"Figure 9 illustration of counties affected should be expanded dramatically. I would certainly argue for adding both Putnam and St. Johns counties in potential impact area and that Cedar Key nuclear plant and proposed Seminole plant in Gilchrist County should also be calculated in the crucial Table 14 to 18 comparisons of major polluter industry. Putnam County would contribute both Georgia Pacific and Seminole utility. St. Johns should include Hydro Aluminum of North America. To my common sense approach, the winds blow in 360 degrees and that 'drift' area of contributed pollution spreads across panhandle and northern Florida, southern Georgia and the Gulf."*

In response, the Department notes that the magnitude and aerial extent of any effects of the ADAGE project are generally below significant impact levels or are de minimis in nature. Based upon the application and information provided, the Department has reasonable assurance the project will comply with all air pollution control rules and regulations.

CONCLUSION

The final action of the Department is to issue the permit without any changes.

PROGRESS PRINT
1/7/2010

09029	
ADAGE LLC 10000 W. US HWY 90 SUITE 100 GADSDEN, FLORIDA 32040	
AREVA 4000 W. WINDY HILL BLVD SUITE 100 GADSDEN, FLORIDA 32040	
VPI PART	
DATE: 1/7/2010	DRAWING NO: M-SK-02

"Site plan subject to change"

SITE PLAN

34

Note: Placement and number of conveyor systems subject to change.



Figure 2-3 Preliminary Plant Layout

ADAGE Gadsden LLC – Gadsden County, Florida
Proposed Nominal 55.5-MW Net Woody Biomass Power Plant

-- January 2010

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Attachment 1

The Washington Post

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The unintended ripples from the biomass subsidy program

By Juliet Eilperin
 Washington Post Staff Writer
 Sunday, January 10, 2010; A03

It sounded like a good idea: Provide a little government money to convert wood shavings and plant waste into renewable energy.

But as laudable as that goal sounds, it could end up causing more economic damage than good -- driving up the price of raw timber, undermining an industry that has long used sawdust and wood shavings to make affordable cabinetry, and highlighting the many challenges involved in decreasing the nation's dependence on oil by using organic materials to create biofuels.

In a matter of months, the Biomass Crop Assistance Program -- a small provision tucked into the 2008 farm bill -- has mushroomed into a half-a-billion dollar subsidy that is funneling taxpayer dollars to sawmills and lumber wholesalers, encouraging them to sell their waste to be converted into high-tech biofuels. In doing so, it is shutting off the supply of cheap timber byproducts to the nation's composite wood manufacturers, who make panels for home entertainment centers and kitchen cabinets.

While it remains unclear whether Congress or the Obama administration will push to revamp the program, even some businesses that should benefit from the subsidy are beginning to question its value.

"It's not right. It's not serving any purpose," said Bob Jordan, president of Jordan Lumber & Supply in North Carolina, even while noting that he might be able to get twice as much money for his mill's sawdust and shavings under the program.

"The best thing they could do is forget about it. All it's doing is driving the price of wood up."

A range of renewable materials can be converted into energy sources: Wood pellets, rice hulls and fiber from sugar cane can produce electricity; algae and corn cobs can be converted into liquid fuel. The federal government is actively working to support the growth of as many of these biomass crops as possible, in part to meet requirements under the 2007 energy bill: The country must produce 5.5 billion gallons of advanced biofuels annually in five years, and 21 billion gallons by 2022. Right now, almost no U.S. land is devoted to raising biomass crops; according to congressional estimates, by 2022 the country will need between 22.2 and 55.5 million acres for this purpose.

A struggling industry

The new subsidy provided a critical boost to an industry that took off in the late 1970s after the federal



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FISHER INVESTMENTS

government mandated that utilities obtain part of their supply from independent power producers. Many of these contracts have now expired, leaving the industry struggling to compete in light of low natural gas prices and higher wood costs.

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The future of the biomass program -- which will eventually include a subsidy to get farmers to grow crops such as switchgrass and an array of trees and shrubs -- could be determined by the Office of Management and Budget, which has been reviewing the federal rule for the program since September. In the meantime, federal money has started to flow: The administration sent \$23 million to the state offices of the Farm Service Agency in the fall, and is poised to distribute another \$514 million.

Biomass energy representatives, such as the Biomass Power Association president, Bob Cleaves, said those subsidies are critical to support a sector that currently supplies half of the nation's renewable energy (the other half coming from wind, solar and other sources). Seven of Maine's 10 biomass energy plants would have shut down without the new influx of funds, he said.

"The industry needs help," Cleaves said. "Is the country not prepared to spend half a billion dollars on half the country's renewable energy resources?"

The Agriculture Department, for its part, says it has no choice but to implement the subsidy the way Congress envisioned it under the 2008 farm bill. That legislation made no distinction between a waste product with little market value, such as corn husks, and the sawdust that sells for roughly \$45 a dry ton.

Farm Service Agency Administrator Jonathan Coppess said his agency is strictly adhering to the statute's language and intentions. "We understand that policymaking, legislation and rule making are perfecting processes, not perfect processes, and we look forward to providing the best regulation possible to implement an important program with significant potential to benefit our national energy and agricultural economies," Coppess said in a statement.

But at least one key senator, Tom Harkin (D-Iowa) -- who helped author the 2008 farm bill as Agriculture Committee chairman at the time-- now questions whether the program has gone awry.

"My bottom line is we have to examine those rules and make sure the payments incentivize the use of new, additional biomass for energy," Harkin said, "which is the objective Congress intends and wrote in the law."

'At what expense?'

In at least some cases, that's not happening. The federal government can provide up to \$45 a ton in matching payments to businesses that collect, harvest, store and transport biomass waste to an authorized energy facility. That means sawdust or wood shavings may be twice as valuable if a lumber mill sells them to a biomass energy company instead of to a traditional buyer.

This is bad news for the composite panel industry, which turns these materials into particleboard and medium-density fiberboard, and outranks the U.S. biomass industry in terms of employees and economic impact, with 21,000 employees and annual sales of \$7.9 billion, according to 2006 U.S. Census data.

The biomass subsidy program could "wipe us out," said T.J. Rosengarth, the vice president and chief operating officer of Flakeboard, the largest composite panel producer in North America. "You can say, 'I've made more

alternative energy,' but at what e... use?"

The much larger pulp, paper, packaging and wood products industry, which ranks among the top 10 manufacturing employers in 48 states, is just as worried. The American Forest and Paper Association sent a letter to OMB on Oct. 27 warning that the biomass program "could have the unintended consequence of jeopardizing the forest products industry and the many jobs it sustains, as well as the significant quantities of renewable energy it produces."

But pellet mill owners such as the Rolf Anderson, chief executive of Bear Mountain Forest Products, said the program will eventually create an incentive for people to bring small pieces of wood left by loggers out of the forest, which will give companies like his a cheap and steady stream of raw materials.

"It opens up economic opportunities. It opens up healthier forests, and it helps companies and individuals save on their energy costs," said Anderson, whose company is based in Oregon.

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February 15, 2010

The Honorable Chairman Eugene Lamb, Jr.
Gadsden County Board of County Commissioners
P.O. Box 1799
Quincy, FL 32353-1799

Dear Chairman Lamb:

As your neighbor and colleague, I write this letter to you and your fellow commissioners with a heavy heart on your impending consideration of a biomass plant in your community. I am certain that your Board will decide on this issue based on what is best for the citizens of Gadsden County. However, it would be a great disservice on my part to the larger population of the families and children of our community if I remained silent and did not express my grave concerns about the impact that your decision will have.

While I am not an expert on biomass facilities, I have been forced to learn tremendous amount in recent months about these plants. As you know, a similar project was put forth in our community a couple of years ago under the guise of economic development and green jobs. Nothing could be further from the truth. The long-term, adverse impact of such facilities to our environment dramatically outweighs any arbitrary number of alleged jobs that would have been created. The Florida Aquifer is a pristine jewel that provides us with water necessary for every facet of our lives. The project that was slated to occupy a residential area of Leon County would have utilized more than 1,000,000 gallons of water. That project's design drawings and Department of Environmental Protection permit application did not even indicate how wastewater would be held and/or stored

on its facility. The amount of pollution and toxic waste that would be poured into our air and water system by any biomass plant could lead to generational genocide.

Our counties share several common natural resources, including the Floridan Aquifer. Additionally, it is unclear how Lake Talquin will be impacted by the more than one million gallons of disposed biomass waste water on a daily basis. Moreover, it is unclear how the same disposed waste water will impact the Quincy water basin or the Ochlocknee and Chattahoochee rivers.

I urge the Gadsden Board of County Commissioners to carefully consider the environmental impact of its decision to the community at large because your decision will impact all life forms in the neighboring counties. Your consideration should go beyond the State of Florida's Department of Environmental Protection meager permitting review process for biomass plants.

The societal impact of placing a carcinogenic industry near our families and children has many inconceivable consequences. I am well aware of several health issues impacting the citizens of Gasden County. Certainly, I know your Commission will not allow an entity to operate that would be adverse to the health, safety, and welfare of our communities.

I am also keenly aware that the extraordinary amount of ashes from the biomass plant must be physically hauled away from the site on a regular basis. Experts have said that the dust blowing from the sitting piles of ash will compromise air quality and aggravate respiratory conditions of those who live in the vicinity. Moreover, explosions from the dust or wood chip warehouses are highly combustible. Potent gasses will be piped to the biomass plant. This will add to the danger of plant operation. I would like to know where the discharged water and the waste ashes will be disposed.

It is my hope that the Gadsden County Commission will adopt an exhaustive review process of the proposed owners of the biomass plant. Respectfully, I encourage that such review will include a larger community dialogue on this issue.

As a courtesy, please be aware I intend to raise this issue at the next Leon County Board of County Commission meeting at which time I will formally request that Gadsden County provide information on its review process to Leon County.

Please know that as this process takes its course, I am available to provide any assistance needed to you and members of the Gadsden County Commission. I look forward to our continued effort to ensure that our citizens, children, environment and future remains bright and free from entities that will do us harm.

Sincerely,

Bill Proctor
County Commissioner, District 1

CC: Gadsden Board of County Commissioners