



January 24, 2017

Dear Forester,

With the onset of a new year, there are many challenges that face our profession and the forest products community. First and foremost on many foresters minds are the losses of our low grade wood markets. Economic experts from the forestry community report approximately 4 million tons of low-grade markets have been lost across our border in Maine due to the closure of five paper mills and two biomass plants. And this all happened within the course of just two years. Right here in New Hampshire, Concord Steam Corporation is slated to go off-line this April and 50,000 tons of locally valued, steady-priced, renewable thermal biomass will be lost to southern New Hampshire. Additionally in Maine, Verso Paper laid off 190 employees shutting down yet another paper machine resulting in the loss of another 200,000 tons. Here in the Granite State we are not immune to these closures. Our forest community has seen severe impacts on both the hardwood and the softwood pulp markets as a result.

Complicating matters are the historically low wholesale electricity prices for our New Hampshire independent biomass plants. Moreover, the value of regional RECs (Renewable Energy Credits) our New Hampshire independent biomass plants rely on to cover operating costs have also dropped to new lows. Thus, during the “shoulder months” (when electricity demand is at its lowest), our NH plants are now “powering down” during off-peak times (middle of the night and weekends) to staunch the bleeding of financial loss. In essence, all of our plants are running in “protection mode.” This spring, NH biomass plants may power down totally for a month or two until wholesale prices return to an acceptable level.

In an effort to bolster our local low grade wood market the New Hampshire Timberland Owners Association filed legislation recently that seeks to improve the New Hampshire Renewable Portfolio Standard. If passed, this bill will hopefully provide a bridge for the independent power plants to remain economically viable. To learn more, I highly encourage you to attend this year’s Granite State Division SAF Annual Meeting on Friday, February 10<sup>th</sup>, 2017 at the Attitash Grand Summit Hotel in Bartlett, NH. NHTOA will provide an update to the proposed legislation. Furthermore, a panel discussion on the low-grade market situation will be held during the afternoon session with expert forest economy analysts.

We look forward to seeing you at the annual meeting.

Sincerely,

*Hunter Carbee*

Policy chair, Granite State Division SAF