

High Level Situation Analysis

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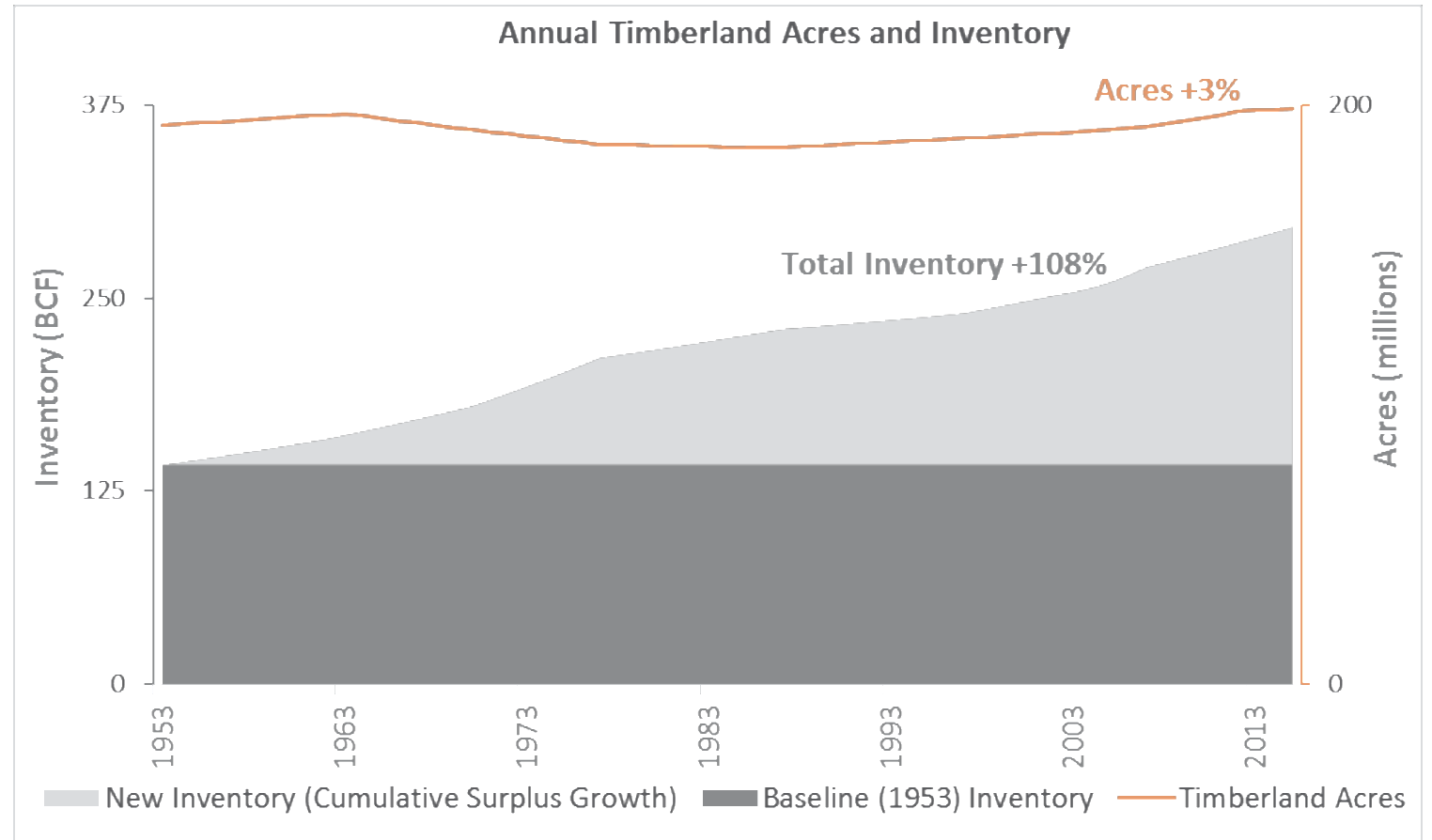
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The Opportunity

BDC believes that the U. S. Forest Products Industry should be the leader in production of biofuels and chemicals or their intermediates.

We appreciate efforts the TAC is taking to look into how to effect policy change that will remove barriers to this production from the Forest Products Industry



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Reality

There are only 5 large, funded woody biomass projects in NA and slow progress versus multiple projects in Scandinavia. We have policy barriers for our forest products industry, they have policy drivers.

North America funded Projects include:

- **Ensyn – Wood to Heating Oil & Biocrude Oil (2 locations)**
- **Licella/Canfor – Wood & Other Organics to Biocrude**
- **Velocys – Wood residuals to Diesel & Jet**
- **Red Rock – Wood residuals to Diesel, Jet and Gasoline**



Needs Include-Roadblock Removal

Some Barriers Have Simple Solutions

- Allow co-mingling of eligible wood, using mass balance to determine the eligible volumes of RSF biofuel or intermediate product produced at the conversion site.
- Allow intermediate product to be transported to another site for final processing to biofuels and bioproducts. For example, biomass biocrude could be made at multiple sites & transported to existing petroleum refineries. This is a technically proven process & some refineries have run trials to validate the pathway.
- Allow intermediates to be co-processed at the final site for generation of RINs, again using mass balance methods to determine the eligible volumes of RSF2 eligible biofuels produced.

Needs Include-Barrier Removal

Some Barriers Will Take More Effort

- Permit wood from National Forests to be processed into biofuels/bioproducts in the same way it is allowed for ordinary products. An additional benefit is that the U.S. Forest Service believes that industry would assist with forest thinning if those residuals were “not restricted”.
- Drop the plantation restriction for biomass grown on private lands. Restrictions on private lands impede progress and lower the value of land and biomass grown on that land. Also, adding value to trees is the key driver to sustainability.