



Photo: Sandy McKellar

Tenure Reform: A Shift to Bioenergy

SINCE BECOMING MINISTER OF FORESTS AND Range in June 2008, I've been focusing on four key areas: improving utilization, growing trees, promoting Wood First and expanding markets into China.

As a former logger, I've always thought that there was too much waste being left behind in the bush from logging operations. While some wood residue is necessary for biodiversity reasons, for the most part, wood waste is a wasted opportunity.

To promote bioenergy opportunities, in March 2008, government amended the *Forest Act* to allow the Minister of Forests and Range to offer non-replaceable forest licences to holders of energy contracts with BC Hydro.

And in September 2008, BC Timber Sales started offering a new form of licence—an innovative timber sale licence, or lump-sum sale—primarily to encourage increased utilization of beetle-attacked timber. By setting the price for the whole stand of trees instead of by the cubic metre, licensees have a bigger incentive to extract the most value from each tree. The new licence has been successful. In 2009, over 3.5 million cubic metres of timber were sold under innovative timber sale licences (or lump-sum sales).

Smaller operators like Pine Star logging in Prince George and Trace Resources in Merritt are taking advantage of these licences as well as forestry licences to cut. They are grinding waste for use

in cogeneration and pellet plants.

This summer, the ministry and Interior licensees operating in beetle-attacked areas will be moving to stand as a whole pricing and cruise-based billing.

Under stand-as-a-whole pricing and cruise-based billing all timber in a stand will be priced for a total amount based on the market value of the entire stand. Cruise-based billing will eliminate the need for scaling, since the amount to be charged for the stand will already have been determined based on the cruised volume of timber in the stand.

Since licensees are paying for a whole stand of trees, there is also no need for grading, and licensees are more inclined to use all fibre in the stand. Therefore waste levels are expected to decrease.

Another way to provide bioenergy suppliers with security of fibre they need and to encourage business relationships between primary forest tenure holders and bioenergy producers is through the use of a receiving licence.

The receiving licence concept involves a cut control credit. This will incent fibre to flow from long-term tenure holders to any holder of a receiving licence, including independent power producers, pellet plants, and other users of waste wood and low-quality timber.

The receiving licence is basically an update of the pulpwood agreement first

introduced about 50 years ago by Ray Williston and W.A.C. Bennett.

Major licensees in the Interior are primarily using their licences for sawlogs. However, bioenergy producers are primarily interested in lower-quality fibre. Under a receiving licence, the primary licence holder can transfer some of his cut allocation to a bioenergy producer. It's a classic win-win situation.

The Working Roundtable on Forestry recommended actions to "advance bio-energy and biofuel projects by creating competitive tenure and pricing frameworks to attract private sector investment."

Through shifts to innovative timber sale licences, ability to award non-replaceable forest licences to energy producers, moving to stand as whole pricing and offering receiving licences, the Ministry of Forests and Range is making the necessary changes to support emerging opportunities in the new forest economy.

Although there are many challenges being caused by the economic downturn, we've also been providing the opportunity to re-invent the forest sector and position it for future success. 🌱

Pat Bell was re-appointed Minister of Forests and Range and appointed Minister Responsible for the Integrated Land Management Bureau on June 10, 2009. He was re-elected as MLA for Prince George-Mackenzie on May 12, 2009. Prior to becoming an MLA, Minister Bell owned a trucking company and co-owned a logging company. He owns two Wendy's restaurants in Prince George.