

Tok Long-Term Timber Sale for Biomass Energy

FY2013 Request: \$200,000

Reference No: 53979

AP/AL: Appropriation

Project Type: Research / Studies / Planning

Category: Natural Resources

Location: Tok

House District: Interior Villages (HD 6)

Impact House District: Interior Villages (HD 6)

Contact: Jean Davis

Estimated Project Dates: 07/01/2012 - 06/30/2017

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Brief Summary and Statement of Need:

This project funds planning, design, field layout, public process, sale and startup administration for a long-term timber sale contract to industry in support of a wood fired power facility proposed by Alaska Power and Telephone in Tok. This supports economic development by providing incentives for private sector jobs, attracting capital investment and developing Alaska's natural resources. It improves public safety by mitigating high risk wildland fire fuels in the community of Tok. It contributes to the State's goal of 50 percent renewable electricity by 2025. Using low value trees for electrical generation, we can meet local energy needs while mitigating the risks of catastrophic wildland fire.

Funding:	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>Total</u>
Gen Fund	\$200,000						\$200,000
Total:	\$200,000	\$0	\$0	\$0	\$0	\$0	\$200,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:

Renewable biomass energy projects are increasing the demand for long-term timber sale contracts to secure required feedstock. Alaska Power and Telephone (AP&T) is proposing a two megawatt combined heat and power facility in Tok which could result in significant economic development, creation of local jobs, reduction of wildland fire risks within the community and would meet renewable energy goals by displacing more than 800,000 gallons of diesel fuel annually. AP&T has requested a 20 to 25 year biomass feedstock supply contract in order to obtain project financing for this project. The capital funds requested will be used for timber sale planning to include public involvement, field layout, cruising and appraisal, contract preparation and sale administration to support a long-term biomass fuel project in Tok. The Division does not have sufficient capacity as its resources are fully committed to meeting the existing demand for personal use firewood, commercial timber sales for existing processing, fuel wood and biomass facilities. This capital request will ensure the Division of Forestry (DOF) can be responsive to this new demand. This project will develop a process to facilitate and streamline future long-term contracts that are anticipated throughout the state to meet growing biomass energy development.

This project provides ancillary public safety and economic benefits by converting volatile wildland fire hazardous fuels into a productive asset as a feedstock to a wood fired power facility. Tok, Alaska has a high risk of catastrophic wildland fire due to its location in contiguous spruce fuels. The community is within an area that normally would burn and renew the forest every 100 years. There have been several fires that necessitated evacuations within the community. If the fuels are left unmanaged it is only a matter of time before there is significant loss of property and perhaps lives. By using these low value trees for electrical generation, we can meet local energy needs while managing the forest types to mitigate the risks of catastrophic wildland fire. We can convert current stands into aspen, a less volatile fuel type. The large timber sale could treat 800 to 1,000 acres per year sustainably.

This timber sale would provide from 25 to 30 thousand tons of green woody biomass fuel annually to a power facility serving Tok and surrounding communities (Northway, Tetlin, Mentasta, Tanacross, and Dot Lake) within AP&T's service area. Delivered woody fuel to the facility would contribute between 1.5 and 2 million dollars into the local economy. Business and employment opportunities in harvesting, transporting and processing woody fuel to the facility would be created. Additional employment in road construction, maintenance and forest management including reforestation activities would be created. AP&T currently uses more than 800,000 gallons of diesel fuel per year that is imported into the community. Locally produced woody fuel generates significantly more local economic activity in the community than imported fuel oil.

The proactive fuel management that this long term timber sale could facilitate may ultimately result in significant savings in wildfire suppression costs. While difficult to quantify, managed fuels in and near the community of Tok could provide more cost effective fire suppression options and lead to greater likelihood of initial attack success.

Why is this Project Needed Now?:

There have been numerous initiatives over the decades since statehood to increase the utilization of interior forest resources and to develop markets and industrial processing capacity to expand the timber industry in the interior. In spite of these efforts the state's timber resources in the interior are underutilized and fail to meet their economic potential to benefit local communities. Distance to markets is one formidable barrier that has frustrated forest development efforts. Now, escalating fuel costs, public sector capital investment in renewable energy projects (renewable energy fund), and increasing risks of loss due to unmanaged wildland fuels near communities are positive for increased forest development to meet local energy demands.

Tok is a community well positioned to expand its forest industry, meet energy demands and mitigate its extreme fire danger due to the volatile forest types in and around the community. Expanding the timber harvest level in this community at least ten fold is not without its challenges, and it behooves the state to get in front of this project to ensure the timber sale is well planned and that the public is involved through a robust public process.

The state's failure to provide raw material to this project will discourage investment and interest in biomass energy throughout the state and limit the economic benefit these local forest resources have to contribute to the well being and self sufficiency of Alaska communities.

Specific Spending Detail:

LINE ITEM	DOLLAR AMOUNT	DESCRIPTION
Personal Services	\$ 110,500	Professional forester staff to plan and design a 25 year timber sale to include field layout, cruising, appraisal, contract preparation, sale and initial administration.
Travel	\$ 15,000	Travel and lodging.
Services	\$ 68,400	Cultural surveys. Field work including additional staff months of seasonal Wildland Fire and Resource Technicians qualified to perform layout.
Commodities	\$ 6,100	Field and mapping supplies

Personal Services Detail:

Vacant Forester III PCN 10-9813 will be employed for the project. The position was formerly federally funded, but federal funds are no longer available to sustain the PCN on grant projects. The PCN will be used for this CIP project and no new PCNs are needed. Some additional staff months from seasonal wildland fire and resource technicians to perform layout and field work will be ordered from the Preparedness Component.

State Match Required:

- NO
 YES

Project Support:

Alaska Power and Telephone
Tok Umbrella Corporation
Local business community in Tok and vicinity
Alaska Energy Authority
Logging and milling businesses in Tok and vicinity
Board of Forestry
Alaska Forest Association

