

# WOOD MARKETS MONTHLY

**March 29, 2011**

Don Deckard, Forest Economist  
<mailto:donald.deckard@state.mn.us>

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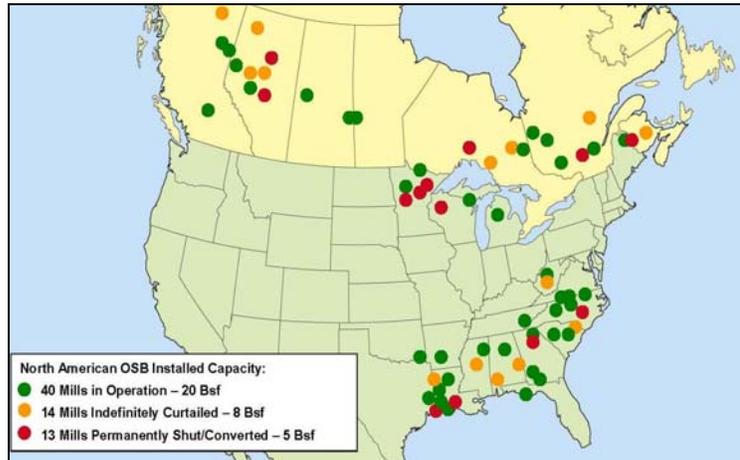
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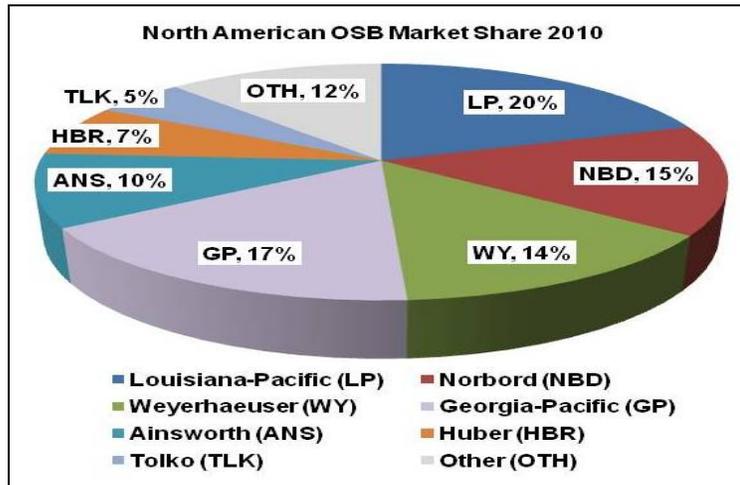
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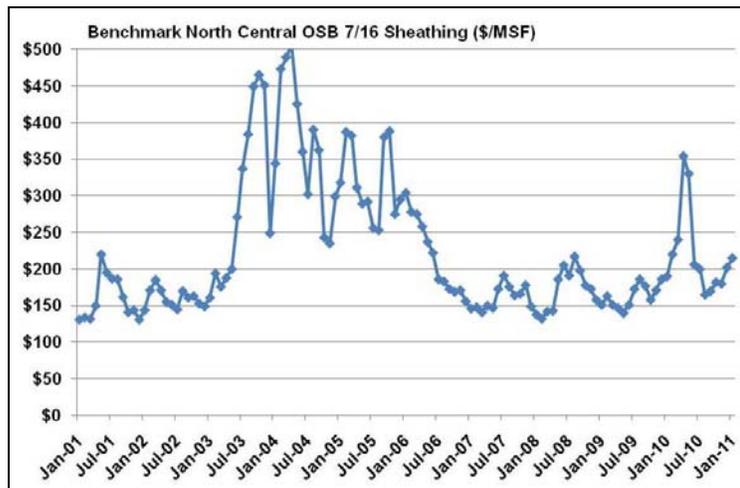
**Focus: North American OSB Update**



Source: Norbord presentation Credit Suisse GPPC February 2011.



Source: Compiled from Norbord and L-P investor presentations.



Source: Random Lengths.

## GENERAL INTEREST

### **Dissolving pulp making a comeback?**

March 15, 2011 (The Working Forest) - Dissolving pulp is a bleached wood pulp with a high cellulose content. Dissolving pulp is made from the Kraft process but requires an additional step to remove hemicelluloses. The main end uses of dissolving pulp are:

- Viscose fiber or rayon used in clothing
- Acetate tow and fibers used in cigarette filters
- Ethers and microcrystalline cellulose (MCC) used in pharmaceuticals and as a food additive, and
- Nitrocellulose used in paints and explosives.

A recent report by forest products research firm RISI said that world dissolving pulp demand has recovered to 1990 pre-crisis levels. According to RISI, demand reached its peak in 1975 at 5.3 million tonnes. It decreased over the next three decades, with a dramatic decline in the early 1990s due to the collapse of Communism in Eastern Europe. Demand reached its lowest point in 2000 at 3.2 million tonnes, but has increased dramatically over the last decade. Last year, demand for dissolving pulp again reached its pre-crisis level from 1990 of 4.5 million tonnes.

The big turnaround in dissolving pulp demand has been led by the viscose fibre market where the popularity of rayon, mainly for garment production, has been boosted by limited supplies and surging prices of cotton. China, where dissolving pulp consumption for garment production has tripled over the past ten years, accounts for all demand growth in the past decade. Such strong demand and high prices have attracted pulp producers in the Southern hemisphere to start new dissolving pulp lines, while in the Northern hemisphere paper grade mills are converting to dissolving pulp.

Whether this turnaround in demand and price of world dissolving pulp is set to continue, is the subject of the RISI study. On the downside, the yield for dissolving pulp (30 - 35% of the wood input) is significantly less than other pulps making wood costs a very critical component in the economics. On the upside, given the growth of the middle class in Asia countries, the demand for a better lifestyle and production issues facing the cotton industry, there is a good chance that loggers and sawmillers will have a place to take their low quality hardwoods.

### **U.S. housing starts plummet in February**

March 16, 2011 (US Census News Release) - U.S. housing starts were at a seasonally adjusted annual rate of 479,000 units in February, 22.5% below the revised January estimate and 20.8% below the February 2010 rate, according to the Census Bureau. It was the lowest level since April 2009, and the second-lowest in records dating back more than 50 years. Single-family starts in February were at a SAAR of 375,000 units, 11.8% below the revised January figure. Housing units authorized by permits were at a SAAR of 517,000 in February, 8.2% below the revised January rate.

### **University of Minnesota Duluth research could yield new markets for red pine**

March 2, 2011 (BusinessNorth) - Cedar has long been prized as wood siding for its durability and beauty, but it doesn't grow in Minnesota. But thermally modified red pine could substitute nicely and eventually carry a lower price tag, according to Patrick Donahue, director of the University of Minnesota Duluth, Natural Resources Research Institute (NRRI) market oriented wood technology program. NRRI thermally modified wood research, funded by a U.S. Department of Agriculture Wood Utilization Research Program, builds upon more than 15 years of work in Finland. There, researchers developed a two-part process for heating wood to temperatures between 374 and 482 degrees. While the wood is being heated, it's simultaneously protected with steam. The process yields a number of positive results including greater resistance to rot and less weather-related shrinkage and expansion. Additionally, the

wood is more impervious to water penetration. Thermally treated wood is in the early adopter phase in this region. It's already widely used in Europe in such applications as saunas. Here, Donahue said, "the technology could be used in doors, windows and outdoor decking." He also sees application in siding, where thermally modified pine deeps to a color much like cedar. "This research could potentially take \$300 of pine and turn it into \$1,100 of siding," he said.

### **Biggest scam to ever hit the US pallet industry**

3/1/2011 (Pallet Enterprise) - According to numerous witnesses, Larry Alvin Harris allegedly has defrauded trucking and pallet companies out of hundreds of thousands if not a million dollars or more over the last eight plus years. Posing as a legitimate pallet buyer, Harris allegedly contracts to buy truckloads of #1 GMAs for market price or greater and then sells them in another location for the market rate. He makes money by never paying the bill for the used pallets or trucking services. Currently, Harris is using the identity of U.S. Foodservice as a cover, according to a number of recent victims. Since U.S. Foodservice is one of the largest foodservice operators in the country, this cover works well to pass most credit checks.

Kandice Blank, general manager of Resource Recovery located in Watertown, Wis. said that her company was hit for seven truckloads of pallets last year. She said that Harris is a "smooth operator" who successfully used the stolen identity of U.S. Foodservice to pass credit checks. Kandice said that when she talked with the FBI, she was told they would only be interested if the individual had scammed a half million dollars or more. Over the years, Harris has allegedly pulled off similar scams under the names of Bob Harris, Larry "Bo" Harris, Al Hicks, Alvin Harris and L.B. Harris. Harris most recently used the business names U.S. Foodservice and North Star Distribution, while previous incidents involved Cherokee Distribution Center and Southeastern Warehousing, Inc. He generally provides either a Chattanooga, Tenn. or Rossville, Ga. address. Incidents have been reported in Illinois, Iowa, Wisconsin, Ohio, Virginia, New Jersey, New York, Florida, Texas, Pennsylvania, Kentucky, North Carolina, Maryland, and most recently Arizona and California.

### **U.S. GDP for 2010Q4 revised up at 3.1%**

Gross domestic product in the U.S. for the fourth quarter of 2010 was revised upward to 3.1%, from the previously reported 2.8%. Upward adjustments to inventory investment and nonresidential fixed investment were partly offset by a downward revision to exports. Analysts said they expect continued growth and strong profits will support additional hiring this year, leading to improvements in the labor market.

### **Washington DNR timber sales helped retain private-sector jobs in 2010**

OLYMPIA – March 8, 2011 (Washington State DNR Press Release) - State trust forestlands helped keep timber contractors, saw mills and related businesses working last year. Close to 30 percent of the total timber harvest in Washington State in Fiscal Year 2010 came from state trust lands managed by the Washington State Department of Natural Resources (DNR) according to its 2010 Annual Report released today. That compares to an average of 16 percent of the state's annual timber harvests between 2000 and 2007. "DNR's commitment to a sustainable harvest produced \$225 million in non-tax revenue in 2010 for public school construction and other public services while helping the state's timber economy through a tough year," said Commissioner of Public Lands Peter Goldmark. The report lists financial results for Fiscal Year 2010, which ended June 30, 2010. During that time, DNR produced:

- \$50 million for public school construction statewide;
- \$67.9 million for 19 western Washington counties that receive revenue from DNR's management of forestlands; and
- \$19.5 million for construction funding at the state's universities, including University of Washington and Washington State University.

## FINANCE & MANAGEMENT

### Boise Inc. reports 2010 net income of \$62.7 million

BOISE, Idaho - Boise Inc. (NYSE: BZ) today reported net income of \$26.2 million or \$0.31 per diluted share for fourth quarter 2010 compared with net income of \$55.7 million or \$0.66 per diluted share for fourth quarter 2009. Net income for 2010 was \$62.7 million or \$0.75 per diluted share, compared with net income of \$153.8 million or \$1.85 per diluted share for 2009. Fourth quarter 2009 and full year 2009 results included benefits from alternative fuel mixture credits. Net income excluding special items was \$25.8 million or \$0.31 per diluted share for fourth quarter 2010 and \$76.8 million or \$0.91 per diluted share for 2010. EBITDA excluding special items was \$92.8 million for fourth quarter 2010 and \$325.6 million for 2010.

#### Boise Financial Highlights (in millions)

	4Q10	4Q09	3Q10	2010	2009
Sales	\$ 524.1	\$ 490.3	\$ 554.1	\$ 2,093.8	\$ 1,978.2
Net income	\$ 26.2	\$ 55.7	\$ 35.9	\$ 62.7	\$ 153.8
Total debt at period end	\$ 604.4	\$ 736.5	\$ 604.0	\$ 604.4	\$ 736.5

*Input Costs* – Total fiber, energy, and chemical costs for fourth quarter 2010 were \$209.2 million, an increase of \$4.2 million, or 2%, compared with costs of \$205.0 million for fourth quarter 2009. The increase was driven primarily by increased purchased pulp prices in our Paper segment. Full year 2010 fiber, energy, and chemical costs totaled \$878.4 million, an increase of \$78.1 million, or 10%, from costs of \$800.3 million for 2009.

#### Boise Input Costs (in millions)

	4Q10	4Q09	3Q10	2010	2009
Fiber	\$ 110.0	\$ 106.5	\$ 119.1	\$ 461.8	\$ 401.1
Energy	\$ 47.8	\$ 45.7	\$ 52.4	\$ 211.7	\$ 188.9
Chemicals	\$ 51.4	\$ 52.8	\$ 54.6	\$ 204.9	\$ 210.3
Total	\$ 209.2	\$ 205.0	\$ 226.1	\$ 878.4	\$ 800.3

### Ainsworth posts US\$9.4 million profit for 2010

February 28, 2011 (Working Forest) - Ainsworth Lumber Co. Ltd. reported its audited financial results for the fourth quarter and full year ended December 31, 2010 on February 25, 2011. Ainsworth recorded net income of \$9.4 million for the full year ended December 31, 2010, compared to a net loss of \$21.6 million in 2009. For the fourth quarter of 2010, the Company recorded net income of \$1.8 million, compared to a net loss of \$12.4 million in the fourth quarter of 2009. In 2010, Ainsworth recorded adjusted EBITDA of \$53.7 million compared to adjusted EBITDA of \$5.2 million in 2009.

This improvement was primarily the result of the rapid rise in OSB prices in the first half of the year. In 2010, the average annual North Central market price for 7/16" oriented strand board (OSB) was U.S. \$219 per msf, an increase of 33% from an average annual price of U.S. \$162 per msf in 2009. The average annual Western Canadian market price for 7/16" OSB was U.S. \$213 per msf in 2010, up 45% from U.S. \$145 per msf in 2009. OSB prices peaked in the second quarter of 2010 with an average annual North Central market price of U.S. \$294 per msf. In the fourth quarter of 2010, the average North Central market price for 7/16" oriented strand board (OSB) was U.S. \$191 per msf compared to U.S. \$171 per msf in the fourth quarter of 2009. The average Western Canadian market price for 7/16" OSB was U.S. \$166 per msf in the fourth quarter of 2010 compared to U.S. \$169 per msf in the fourth quarter of 2009.

### **Clearwater Paper (Potlatch spinoff) reports 2010 net earnings of \$73.8 million**

SPOKANE, Wash., March 3, 2011 (BUSINESS WIRE) – Clearwater Paper Corporation (NYSE:CLW), the Potlatch spinoff, today reported financial results for the fourth quarter and full year ended December 31, 2010. Net earnings for the fourth quarter of 2010, were \$37.8 million, or \$3.19 per diluted common share, compared to net earnings of \$47.2 million, or \$4.01 per diluted common share, for the fourth quarter of 2009. **Clearwater Paper acquired Cellu Tissue Holdings, Inc. on December 27, 2010.** The company's fourth quarter 2010 results included four days of Cellu Tissue's operating results and acquisition related expenses. Excluding \$10.5 million in after-tax charges related to the Cellu Tissue acquisition and a \$27.1 million benefit related to a Cellulosic Biofuel Producer Credit, fourth quarter 2010 earnings were \$21.2 million or \$1.79 per diluted common share. Fourth quarter 2009 results included a \$29.7 million benefit, or \$2.53 per diluted common share, related to the Alternative Fuel Mixture Tax Credit. Excluding the Alternative Fuel Mixture Tax Credit, fourth quarter 2009 earnings were \$17.4 million, or \$1.48 per diluted common share. The combined company reported net earnings of \$73.8 million on sales of \$1.4 billion for the full year.

### **Deltic Timber reports 2010 net \$12.4 million**

ELDORADO, ARK., Feb. 24, 2011 (Business Wire) - President and Chief Executive Officer, Ray C. Dillon, of **Deltic Timber Corporation** announced today that net income for the fourth quarter and year of 2010 totaled \$1.3 million, \$.10 a share, and \$12.4 million, \$.99 a share, respectively. Net cash provided by operating activities was \$2.4 million for the fourth quarter of 2010, and \$28.9 million for the twelve months ended December 31, 2010, which compares to \$4.7 million in the fourth quarter of 2009, and \$16.9 million for the year of 2009.

The Woodlands segment reported operating income of \$7.9 million in the fourth quarter of 2010, compared to \$6.7 million for the same period of 2009. The Company's pine sawtimber harvest volume in the current period of 2010 was 134,602 tons, a 15,362-ton increase over the 119,240 tons harvested in the fourth quarter of 2009. The average per-ton sales price was \$28 in the fourth quarter of both periods. During 2010's fourth quarter, Deltic harvested 94,365 tons of pine pulpwood at an average price of \$9 per ton, compared to 63,963 tons at an average price of \$12 per ton for the same period of 2009. The lower pine pulpwood harvest volume in 2009 was caused by unusually wet weather conditions, while the current-quarter's per-ton average sales price was 25 percent lower because of reduced demand from area paper mills because of an increased pine pulpwood supply as a result of the extremely dry logging conditions experienced late in the year. For the year 2010, the pine sawtimber harvest was 609,867 tons compared to 578,646 tons for 2009. **In 2010, the average pine sawtimber sales price decreased \$2 per ton from 2009's rate, to \$27 per ton. Sales of non-strategic timberland for the year of 2010 totaled 4,061 acres with an average sales price of \$1,600 per acre, while in 2009 the Company sold 4,051 acres with a per-acre sales price of \$1,700.**

### **US railroads plan record capital investment in 2011**

WASHINGTON, D.C., March 9, 2011 (Press Release) – The Association of American Railroads today announced the nation's **freight railroads in 2011 are planning to spend a record \$12 billion on capital expenditures, after setting a record with \$10.7 billion in capital spending in 2010.**

## PRODUCTION & PRICES

### US paper/board 2010 production up 5.3% to 82.5 million tons

February 24, 2011 (AF&PA News Release) - Total 2010 US output increased 5.3% to 82.5 million tons, up from 78.3 million in 2009, yet down from 2008's 87.7 million tons, according to the American Forest & Paper Association (AF&PA) figures. The 2009 output sank 10.7% versus 2008's total. Contacts with some of the major US pulp and paper companies expect continued improvement in demand this year fueled by slow-improving consumer spending.

US mills operated at 91% of capacity last year, up from 83% in 2009. As a result, 2010 capacity fell about 4-5% sequentially to a bit more than 90 million tons from 2009's 94,000 million tons. In Canada, pulp and board production fell 1.3% to 13.9 million short tons in 2010 (from the total in 2009), due almost solely to a reduction in printing and writing paper production, according to the Pulp and Paper Products Council. Similarly in the USA, printing and writing paper shipments and output declined significantly in the last two years. Last year's total paper and board output was off about 5.2 million tons from the 2008 total, with 4.1 million of the decline in paper grade shipments and 1.1 million in paperboard/packaging grade production. In the last two years, US paper shipments declined 10.5% and board production fell 2.4%. With the slow recovery in demand from the 2009 low, US mills continued to actively export. In 2010, for the second straight year, exports of paper/board exceeded imports. Exports totaled 15.6 million tons and imports 13.6 million tons. Of the exports, about 36% went to Mexico/Latin America, 21.5% to Canada, and 21% to Asia. Of imports, 66% came from Canada, 19% from Western Europe, and 10% from China and Japan.

### North American softwood lumber production up 13% for 2010

March 22, 2011 (Globe and Mail) - Growing demand from Asian markets helped Canadian and U.S. producers boost softwood lumber output by 13 per cent in 2010, according to an annual survey by the International Wood Markets Group. Canada's West Fraser Timber Co. Ltd. easily retained its position as the largest producer of softwood lumber in North America at 4.68 billion board feet, or 10 per cent of all output. U.S.-based Weyerhaeuser finished second in North America, slightly ahead of the lumber output of Canada's Canfor Corp. with 3.30 billion bf versus 3.24 billion bf, the survey said. "The single most important event that occurred in the North American softwood lumber industry in 2010 was the surprisingly strong growth of lumber exports to Asia (mainly China and Japan)," the International Wood Markets Group said in a news release.

### 15-week run-up in diesel prices ends

March 22, 2011 (US EIA News Release) - **The U.S. average retail price of diesel fuel was \$3.907 per gallon for the week ending March 21, ending 15 consecutive weeks of rising prices.** The run-up matched the longest streak of consecutive weekly increases since EIA began collecting weekly diesel prices in 1994. Analysts said the disaster in Japan eased demand for crude oil futures.

### RockTenn to raise coated recycled board prices \$40/ton

NORCROSS, GA, March 15, 2011 (Business Wire) - RockTenn (NYSE: RKT) announced today a \$40 per ton price increase on Classic News, AngelCote and MillMask coated recycled paperboard products. Price increases are effective with shipments on April 14, 2011.

### US pulp spot prices gain \$40/tonne since mid-January

SAN FRANCISCO, March 15, 2011 (RISI) - In US pulp spot markets, benchmark northern bleached softwood kraft (NBSK) rose \$20/tonne as producers drove through price increases on regular contract business and some started hoarding supplies ahead of maintenance downtime, contacts told RISI. **US**

NBSK spot prices hit \$790-830/tonne net delivered to the US East and Midwest, to continue a run-up that led prices up \$40/tonne since mid January.

SPOT PRICES				
	Mar. 11	Feb. 25	Feb. 11	Jan. 28
NBSK - US East (US\$)	\$790-830	\$770-810	\$760-800	\$740-780
SBSK - US East (US\$)	\$750-780	\$740-770	\$740-760	\$720-740
NBHK - US East (US\$)	\$620-680	\$620-660	\$620-650	\$600-640
SBHK - US East (US\$)	\$630-660	\$620-650	\$620-640	\$600-630

**Major North American uncoated freesheet producers support \$40/ton price hike for April**

SAN FRANCISCO, March 4, 2011 (RISI) - Several major North American uncoated freesheet paper producers are supporting a \$40/ton price increase on offset rolls effective in early April. After **Domtar** early this week informed customers it will raise its opaque offset rolls, reply card rolls and recycled content rolls effective Apr. 1, **International Paper** also set an Apr. 1 increase, and **Boise** will raise levels effective Apr. 4. Market contacts said Glatfelter's increase was effective Apr. 1 or 4. The four companies are among the top five North American producers and account for 70% of total capacity. Smaller producer **Flambeau River Paper** will also raise its offset roll prices by \$40/ton effective Apr. 4. **Wausau Paper** earlier set a \$40/ton increase on its opaques and higher for its brights and text and cover effective March 28.

**China woodchip imports up 340% since 2008, likely to double again by 2015**

BOSTON, MA, March 7, 2011 (RISI) - RISI, the leading information provider for the global forest products industry, today reported that China's imports of woodchips increased 340% between 2008 and 2010, and that import levels are expected to more than double by 2015. However, co-author Dennis Neilson cautioned, "Larger volumes do not always mean larger or even sufficient margins for suppliers. Landowners are realizing lower returns, and coupled with slower economies and rising food and fuel prices, we are predicting some plantations will switch to more profitable crops, or that some landowners will simply sell their land after harvesting."

**Low-grade hardwood markets diverge North to South**

March 1, 2011 (Pallet Enterprise) - Low-grade hardwood demand is currently focused on pallet material and rail ties. A few months ago nearly all sectors that traditionally use low-grade hardwood were all vying for the limited supply. Since then, activity for board road, crane-mats, flooring and framestock have all pulled back from the market. Paper companies that were aggressively trying to replenish inventory have also pulled back.

Since last summer, sawmills in the North approached the market with a financial caution. Mills opted to keep log decks in check, much like they had a year ago. Poor grade markets and the sluggishness in the industrial hardwood market reinforced their concern. Log buyers were disinterested in any surplus logs, as production levels had been scaled back to match lackluster markets. Log decks in the North are generally light. Mills are content to run log supplies fairly close to hand-to-mouth levels. This leaves Northern markets dealing with low-grade hardwood supplies that are tight or downright undersupplied.

Mills in southern markets approached the market differently since last summer and are operating in a nearly exact opposite fashion to Northern mills. Mills in the South seized the opportunity when log supplies improved as paper companies were full. They were laying in large log decks, when log prices began to sag. When log decks began to fill, log prices began to pull back some. Undaunted, the mills continued to buy. Mills continued to run stronger production schedules, regardless of trends in the grade market. The higher production in the South has resulted in strong low-grade hardwood supplies. The

strong supplies are only getting stronger. The higher production brought stronger low-grade hardwood supplies. As low-grade hardwood supplies grew, demand was tracking in the opposite direction as many of the previously strong market sectors had bowed out. Availability grew progressively stronger, and the predictable happened.

#### **Russia to cut EU timber tariffs contingent on entry to WTO**

February 28, 2011 (Reuters) - Russia will cut tariffs on timber sales to the European Union by two thirds as soon as it joins the World Trade Organization, which could be by the end of the year, Europe's trade chief said on Friday. The 153 members of the global trade body were likely to accept Russia's accession by the summer, Trade Commissioner Karel De Gucht told reporters. "If that comes through they could become a member by the end of this year, which means roughly speaking the duty (on timber) will diminish by two thirds. This will be put into practice at the moment of the entry into WTO," he said.

Cuts in timber duties will boost margins for European paper and pulp makers such as UPM (UPM1V.HE), Stora Enso (STERV.HE) and M-Real (MRLBV.HE). De Gucht met Finnish Foreign Minister Paavo Vayrynen in Helsinki after talks in Brussels on Thursday with Russian ministers. Russia's export duties on timber are currently set at about 15 percent. Moscow agreed late last year to make cuts to the duties and rail freight fees, prompting the EU to drop its long-standing veto to Russia's WTO membership. Russia is the largest economy remaining outside the WTO. The WTO estimates membership will boost Russia's GDP 11 percent in the long term.

#### **Sioux Lookout, ON sawmill denied access to wood**

March 01, 2011 (Chronicle Journal) - Sioux Lookout council wants the province to reverse a decision that could cut the wood supply for McKenzie Forest Products' sawmill in Hudson. Mayor Dennis Loney is livid about a Ministry of Northern Development, Mines and Forestry decision to reject the company's business plan for a fibre allocation under the provincial wood supply competitive process. Loney claims it has the potential to effectively eliminate the Buchanan mill's wood supply from the Lac Seul Forest. He said the company has told him that without access to that wood, the mill will close permanently, killing 180 full-time jobs. In addition to the direct employment offered by the Hudson mill, McKenzie Forest Products estimates that a further 150 woodlands jobs are also in jeopardy.

## RENEWABLE ENERGY

### **EPA Proposes 3-Year Deferral for Biomass Clean Air Requirements**

3/15/11 (SustainableBusiness.com) - Following through on a [January 2011 commitment](#), the U.S. Environmental Protection Agency (EPA) is proposing to defer, for three years, Clean Air Act permitting requirements for carbon dioxide (CO<sub>2</sub>) emissions from bioenergy and other biogenic sources.

This additional time will allow the agency to conduct a detailed examination of the science on this issue, EPA said. Seeking advice of federal partners, states, a diverse group of expert scientists including industry and other stakeholders, and an independent scientific panel, will help to determine how these emissions should be treated under the EPA's air permitting program. In July 2010, EPA issued a call for information seeking public comment.

New EPA guidance is also being provided to help permitting authorities determine that using biomass as a fuel can be considered the best available control technology for CO<sub>2</sub> emissions from the large sources needing permits. The guidance can be used until EPA takes final action on the deferral. Sources covered by this proposal would include facilities that emit CO<sub>2</sub> from burning forest or agricultural products for energy, wastewater treatment, waste management (landfills), and fermentation processes for ethanol production. Facilities meeting the requirements under the agency's greenhouse gas (GHG) reporting program will still need to report their CO<sub>2</sub> emissions. EPA will accept comments on the proposed deferral for 45 days following publication in the Federal Register.

### **New owners marketing former NewPage paper mill in Wisconsin for biomass energy**

GREEN BAY, WI, March 9, 2011 (Green Bay Press Gazette ) - The property and assets of the former NewPage paper mill in Niagara have been sold to Niagara Development LLC. Niagara Development plans to market the property to industrial users that can take advantage of the building and the area's timber shed, according to New North, an 18-county regional economic development organization based in De Pere. Market development for the site is focused toward alternative energy, namely those based on woody biomass, according to the release. While the focus is on alternative energies, the possibility of some paper production returning to the plant has not been completely ruled out.

The NewPage Niagara facility permanently closed in July 2008 due to "a significant decrease in demand for coated paper," according to NewPage, which also closed a mill in Kimberly. The mill produced about 250,000 tons of lightweight-coated groundwood papers used in magazines and catalogs. The closure left more than 300 people without jobs.

### **Dow Corning to build 40 MW wood-fired energy facility in Michigan**

MIDLAND, MI, March 4, 2011 (Local News) - Dow Corning Corp. plans to break ground this summer on a \$100 million energy facility in Midland that will burn plant material and wood in a high-tech system designed to greatly reduce emissions. The biomass energy facility will supply 40 megawatts of power to Dow Corning's Midland manufacturing site and will be one of the nation's largest power plants using "gasification" technology.

### **Wisconsin DNR backs Rothschild biomass project**

March 2, 2011 (Stevens Point Journal) - Wisconsin Department of Natural Resources analysts reassured residents Tuesday that a proposed biomass power plant would meet all environmental standards for pollutants. A public hearing at the Stoney Creek Inn in Rothschild drew both supporters and opponents of the project, a partnership between the Milwaukee-based We Energies utility and Domtar Paper. Steve Dunn, a team leader with the DNR's Bureau of Air Management, said the agency accepted many questions and concerns regarding pollutants from the public.

The biomass project, located next to the Domtar mill, would cost \$250 million to build. We Energies estimated it would create more than 400 construction jobs during the two-year building process and an estimated 150 permanent jobs after construction. Research found that the plant could emit as much as 789 tons of greenhouse gas if it were operating at full capacity for a year. But those figures and other potential emissions are within the Environmental Protection Agency's guidelines, Dunn said in his presentation Tuesday.

#### **PepsiCo develops bio-based PET bottle**

March 22, 2011 (Biorefining Magazine) - PepsiCo has developed a 100 percent biobased polyethylene terephthalate (PET) plastic bottle. The fully-recyclable bioplastic material has been produced from switchgrass, pine bark and corn husks. In the future, PepsiCo expects to broaden the feedstock sources to include orange peels, potato peels, oat hulls and other agricultural byproducts from its foods business. According to PepsiCo, the company has combined biological and chemical processes to create a molecular structure that is identical to petroleum-based PET, resulting in a product that looks, feels and performs identically to existing PET beverage containers.

#### **North American wood pellet exports double**

March 8, 2011 (Biomass Magazine) - Wood pellet exports from the U.S. and Canada to Europe have doubled in the past two years, with 1.6 million tons of wood pellets shipped from the two countries to the Netherlands, U.K. and Belgium in 2010, according to a report by Wood Resources International LLC. The report points out that, while Canada has been the major overseas wood pellet provider to Europe for the past 10 years, reaching about 1 million tons in shipments in 2010, exports from the U.S. have taken off since they began in 2008, reaching 600,000 tons in 2010.

The European Union's goal of reaching 20 percent renewable energy by 2020 can be attributed to the increased demand, as many countries have ramped up their consumption of woody biomass in the form of wood pellets and wood chips in the past few years to meet the renewable target, the report said. More than 11 million tons of wood pellets were consumed in the EU in 2010, up 7 percent from the previous year. The report also predicts that higher oil prices will benefit wood pellet exporters in North America, and that shipments to Europe can be expected to increase during 2011.