

Living Forest NEWS

2010

A Publication of the Living Forest Cooperative

Chipping In: The Austrian Approach to Wood Energy

By Scott Bagley, Center for Cooperative Forest Enterprises

Editor's note: Scott Bagley worked for LFC in 2006-07 as a project manager on a grant-funded outreach effort. He moved home to Ohio, continues to work with forestry coops and has been a big help connecting LFC to other coops.

Last June, I had the opportunity to travel to Europe to attend a symposium on small-scale forestry, and made use of the occasion to add on several days in advance of the meetings to tour through Austria to learn about their innovations in using wood for heat and the role that cooperatives play in making the country a leader in the transition to renewable, homegrown energy. Joining me on the trip was Bob Parker, an Extension Forester from eastern Oregon.

When I was touring facilities and talking with leaders and members of forest and farm cooperatives, I thought back to my time with the Living Forest Cooperative and couldn't help but think how some of the enterprises I visited could be developed either by or in partnership with LFC.

Before departing, we read as much as we could, but the opportunity to see small-scale biomass facilities and talk to the people involved in establishing and operating them provided us with a much better feel for what was happening and of the significant progress the Austrians are making in this area of renewable energy, often through the use of producer-owned cooperatives.

First stop: Upper Austria

Our first stop was in state of Upper Austria, where we visited with the deputy manager of the O.Ö. Energiesparverband (the Upper Austria Energy Agency), which was founded in 1991 by the regional government to promote energy efficiency, renewable energy sources and innovative energy technologies by targeting residential households, municipalities and businesses.

More than 40,000 wood chip and pellet heating installations can be found in Upper Austria, along with some 300 district heating networks—all in an area the size of Vermont with a population of 1.4 million. These accomplishments owe much to targets having been set early on by the regional government, and further advanced by the availability of comprehensive information, energy advice, awareness-raising activities and financial incentives. Or, as the Austrians like to note, by a combination "carrot-stick-tambourine" approach (the tambourine is a metaphor for the awareness-raising activities underwritten by the state).



Biomass operations in Austria are integrated into the rural landscape. Here an energy facility is neatly run next door to a historic 12th century cathedral. Clean-burning stoves greatly reduce airborne pollutants.



Scott Bagley next to bags of wood pellets produced by an Austrian coop. Scott was surprised how much firewood and wood chip fuel was used in Austria—keeping production costs and carbon footprints down for the producer coops.

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Manager's Report

By Charly Ray

What a relief to see rain for a change! It seems years since we were not looking at moderate to severe drought ratings for our service area. Nice to see mushrooms in the woods again, farmers getting three cuttings of hay, even mosquitoes seemed novel. And now we are into a mild and dry fall perfect

for wrapping up field work. After an unusually slow summer, the Cooperative is busy both in the policy arena and with field work.

We are reaping some rewards for our policy struggles with the DNR over the Managed Forest Law. For years we pushed against the administration of this program as both heavy handed and heavy cutting on small landowners. Now we are sitting at the legislative table with a real chance to improve the practice of forestry and give conservation-minded access to the tax breaks offered by MFL (see article below).

A recent audit by the Forest Stewardship Council (FSC) of the MFL program gave us another opportunity to influence policy. Coop members may recall we were FSC certified "before it was cool." Now the State has had the entire MFL program FSC certified due to pressure from major paper purchasers and this is the first audit since the initial certification. Long time forest steward, scholar, and farmer Lowell Klessig caught the ear of FSC auditors with his critiques and steered them to us for further input.

We provided three other LFC member properties and stories for the auditors to consider in their review of the program. LFC brought up questions about the sustainability of repeated aspen clearcutting, the MFL program emphasis on clearcutting despite landowner goals to the contrary or

sensitive natural resources, and the minimal flexibility allowed to landowners seeking to manage outside of an industrial forestry perspective.

Regardless of the outcomes in Madison or at FSC-US Headquarters in Minneapolis, we are influencing policy. Presentations by DNR in Madison and at a recent training on watershed management clearly addressed policy questions LFC has been bringing up for years. The answers have not changed, but we've got their attention, and that is the first step.

Fall seems to bring a flush of extra forest work as people call on us to help get their firewood put up, mow their meadow or trails and set up timber sales for winter. Our long time Forest Technician, Andy Ledin, returned to help wrap up field work while we hoped for some bigger contract work. In early October, I got the call we were awarded two contracts for spraying deer repellent on the Washburn District of the Chequamegon National Forest, about 1,400 hours of field work to be done in six weeks! The next morning Andy was heading up a small crew spraying and within days we had 13 people out spraying.

Before this spraying contract, we were already doing far better than last year, even with a slow summer. Services were up about 50% over last year through August, and our losses were reduced by half, but still a loss. This contract gives us a shot at breaking even for the year, but we're going to need a real fundraising push to get through the current cash flow pinch we forecasted at the Annual Meeting in June. We're so close to making an impact on policy and demonstrating a business model that helps landowners make money, save on taxes, and practice stewardship. Please take a moment to look over the fundraising ideas and survey letter in this newsletter and keep LFC going.

Madison Policy Push – LFC Selected for Legislative Study Committee



Managed Forest Law (MFL) reform is on the agenda in the Legislature for the first time in years, and LFC has a seat at the table. More than 400 individuals and organizations were considered for the Special Committee on Review of the Managed Forest Land Program and LFC General Manager Charly Ray was one of 10 selected to participate.

The Committee has been charged with looking at several areas for possible changes in MFL and developing a consensus on recommendations to forward to the full legislature. LFC is advocating for small landowners and ecological forestry.

Proposals coming out of Legislative Study Committees have an 80 percent track record of passing into law so this is a unique opportunity to influence legislation. One proposal that seems to have strong support so far is rolling back DNR's restrictions on leasing MFL lands to hunters. Leasing could benefit many woodland owners looking for other revenue from their MFL land. It also sets a precedent on non-timber revenues which could enable participation in "ecosystem service markets" such as the carbon credit project LFC is working on.

We are seeking more flexibility for landowners to practice ecological forestry within the structure of the MFL program. Any improvements here could have reverberations across the state and open the door for many LFC members who would gladly cut some trees, but not clearcut, if they could get the tax benefits of the MFL program.

The Forester Corner

EQIP Funding For 2001—Signup Time is Here

We have been telling members about this program for months, now is time to SIGN UP! The EQIP program was funded in the 2008 Farm Bill to specifically include forest landowners. Funding covers a range of practices from tree planting to timber stand improvement to follow up practices. The most generous funding is for developing management plans on smaller (under 140 acre) forests where 100 percent of the cost of a management plan may be reimbursed. It may take two visits to sign up so start soon.

Start with contacting the Farm Service Agency (FSA) at 715-682-9117 extension 2 and ask for Peggy or Donna to schedule a visit to update or create a new record of your farm (forest) in their computer. Ask to be transferred to Gary Haughn (715-682-9117, extension 3) to let him know when you are coming in and see if you can get signed up. If you are starting a new record with the FSA, your data probably won't be available to him immediately and you'll have to schedule a follow up visit to sign up.

The office for FSA is at 2013 3rd St. W in Ashland (in the building with the Auto Value store on Sandborn Ave.) and Garry's email is gary.haughn@wi.usda.gov. **Call us if you have more questions or need help with the process.**

Thomas Wyse – LFC's full-time forester enjoying some old growth on an LFC member property on Lake Namekagon. Contact Thomas with any questions about your forest or getting signed up for cost sharing.



Carbon Credits

The failure of leadership in Washington to develop a clear energy policy that addresses carbon credits has continued to cloud the marketplace and opportunities for developing a forestry based carbon credit program. Nothing is expected to clear up before the November elections and most people think there will be little chance of clarity afterwards. Despite this, markets for carbon and energy policy solutions continue to develop, note the recent commitment from Google to invest \$5 billion in an offshore wind power grid on the eastern seaboard and California identifying forest management as one of four ways to create carbon credits.

LFC continues to work with Dogwood Carbon LLC on a carbon credit program for ecological forestry. Modeling specific to our region's forests and forest management have identified mixed northern hardwoods forest and pine forest as the strongest carbon angles for us. Aspen forests show little net carbon sequestration over the 50 year models. A project proposal has been submitted to funders (Ce2 Capital Partners) and we expect to hear in mid-November if they will proceed. Ce2 announced in late June they started the Blue Willow project in the southern Appalachians with a goal of enrolling 300,000 acres of private forests.

did you know?

Carbon sequestered by U.S. forest growth and harvested wood products currently offsets 12-19 percent of U.S. fossil fuel emissions.

—Ecological Society of America Spring 2010 Report No. 13

Tools for Conserving Your Forest: A BRC/LFC Partnership Project

In our third effort together, the Bayfield Regional Conservancy (BRC) and Living Forest Cooperative collaborated on a project this summer to reach woodland landowners and improve stewardship of the land.

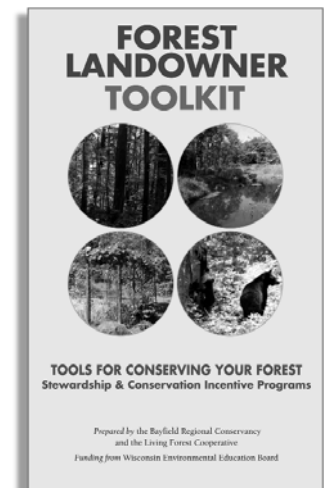
The BRC and LFC conducted four free workshops, presenting conservation strategies for forestlands to approximately 50 landowners in northwestern Wisconsin as well as a tutorial in financial aid, assistance programs, and the basics of conservation easements, forestland tax reduction, and estate planning—all in the context of long term land stewardship.

The BRC's Ellen Kwaitkowski, BRC volunteer Karen Kozie and LFC shared presentation responsibilities, with LFC focusing on the benefits of ecological stewardship, programs available to help forest landowners, and estate planning and tax considerations of land management.

BRC staff GIS specialist Jason Sutter used databases to identify landowners in critical areas for workshops in Poplar, Hayward, Iron River, and Mellen. BRC priorities on protecting water resources were used to target landowners along critical streams and lakeshores for direct mailings about the workshops. We thought the workshops were a worthwhile effort noting that several landowners have followed-up with the Living Forest Cooperative to begin managing and working with their land.

Funding for the effort was provided by a grant from the Wisconsin Environmental Education Board (WEEB) to cover both BRC and LFC expenses, with both organizations providing in-kind match to make the project work. The grant also paid for the production of a full-color 10-page, "Forest Landowner Toolkit: Tools for Conserving Your Forest Stewardship & Conservation Incentive Programs."

The Toolkit provides some details on nine programs that provide grants, cost sharing, or tax benefits to landowners for practicing good stewardship on their land. Resources are also provided for estate planning and income tax issues related to forestland and ownership. To view a PDF of the Toolkit go to www.livingforestcoop.com—or call BRC at 779-5263 for a copy.



Chipping In *(continued from page 1)*

The steep upward trend in biomass heating generation in Upper Austria is impressive, but there is still a long way to go before meeting the government's target of producing 100 percent of the region's space heat and electricity from renewable energy sources. That is the goal set for 2030, which, if met, would be quite a feat, considering that Upper Austria is a highly industrialized region with an extensive manufacturing base.

Second stop: Hartberg, Styria

From Upper Austria, we headed southeast to the Austrian state of Styria, also known as Steiermark. Here, we met a leader in the Austrian Chamber for Agriculture and Forestry, and the Managing Director of the Maschinerring Hartbergerland (Hartberg-area Machine Ring), a cooperative of farmers originally organized to share farm machinery, such as tractors, and to trade labor. They showed us a "biomass logistics and trade center" (BLTC), which was opened last fall by the co-op with support from the Chamber.

The BLTC in Hartberg provides a staging and sales outlet for firewood, enabling local customers to have the peace of mind of knowing that they will have a readily available supply of suitable quality wood for their heating needs.

Later in the visit, we toured a pellet mill, but in general, a surprising amount of biomass material consumed in Austria is used as wood chips and firewood.

The Austrians have developed some sophisticated technologies that enable them to engage in large-scale use of these less processed forms of wood-based biomass. As a result of their technological advances, some of the common arguments against wood heating systems—i.e., that they are inefficient, polluting and a hassle to manage and maintain—are no longer valid, at least where these technologies (and technicians to install and maintain them) are widely available. The Austrian systems are highly automated, so they do not require much attention once they're up and running.

Also noteworthy is that the less processed forms of wood-based biomass require less energy during production, meaning a smaller carbon footprint and a better score on the "carbon neutrality scale."

While at the Hartberg BLTC, we learned about the development of the facility and how it fits within the overall cooperative, as well as the broader, multi-country learning network and support program from which the Hartberg project emerged. This has involved partners in Finland, Sweden, Germany and several other European countries.

At the time of our visit, the Hartberg facility was the newest BLTC, although another one was launched this past August. The network of BLTCs is expected to operate under certain guidelines to uphold standards. Each BLTC, though owned and operated by independent cooperatives, collaborates with one

another for branding and marketing purposes, including use of a common logo.

Stop 3: Hartberg-area wood energy contractor

Our third stop was at a small farm near the village of Hartberg, where we visited a farmer who is a member of a cooperative that provides energy services—in other words, he is a "wood energy contractor" who sells heat. The cooperative built a heating system and woodchip-storage facility at a member's farm, which delivers heat (in the form of steam) to neighboring customers through a system of pipes. The cooperative signs contracts with customers, making it responsible for all aspects of their heating. The cooperative also serves other groups of customers through arrangements that

involve renting a cellar or outbuilding to hold the heating systems and for wood chip storage. It then sells heat to the user or owner of the building (and adjacent buildings if they are part of a "district" or network of facilities). Similar systems are in place for heating other groups of buildings and multitenant structures.

We next visited another wood energy contractor with a setup similar to that of the farmer we had met earlier. In this case, however, the farmer delivers services through the equivalent of a U.S. limited liability corporation-type business structure, making him a diversified farmer who has added "heat seller" to his resume.

He made it very clear, however, that handling the energy

part of his operation is not even close to being a daily task. Once his system was set up, it proved to be extremely low maintenance and a mostly "hands-off" operation. The system automatically feeds chips to the boiler and sends him updates on his mobile phone and a few times each year indicates when ash needs to be disposed of (which he does by spreading it on his garden).

Reflections

There are some good reasons why Austria has invested so heavily in support of wood-based biomass and renewable energy. Kicking its dependence on imported oil and avoiding natural gas supply disruptions are two of the major incentives for pursuing renewable energy development. A clear policy framework in Austria on greenhouse gas emissions is another incentive, which has led to an interest in reducing coal use. The opportunity of providing additional markets for Austrian farmers and forest owners is another motivating force.

We also sensed a pride and seriousness within the citizenry in trying to do their part to contribute to climate change mitigation. The alignment and comprehensive nature of their "carrot-stick-tambourine" approach has proven to be an effective way of developing renewable energy industries for the benefit of rural producers. In the United States, we have



Firewood processed and air drying utilizing passive and low energy solar systems. Use of solar reduces costs and carbon footprint for wood energy further.

Allerio Conservation Easement: A Parting Gift to the Land

Editor's Note: Karen Allerio was a long time supporter and Board member of LFC who took the ultimate step to protect her forest—a permanent working forest conservation easement. She recently sold her property in order to move closer to family. At her farewell gathering, Kathleen Russell noted, "Few have had such a big impact on the community and such a light impact on the land." We will miss Karen and wish her the best of luck in her new life. This article is reprinted from the Bayfield Regional Conservancy's newsletter.

Even as she maintained her home in a hand-built off-the-grid log cabin in the forested hills above Bayfield, Karen Allerio could see change coming. A developer was clearing one hillside site within view of her land, and then another.

She had other intentions for the nearly 80 acres she owned, and while it took some time and effort her dream eventually was realized. In early October, the Bayfield Regional Conservancy approved a conservation easement for Allerio's property that will forever preserve it against the kind of encroachment she had feared.

When she went to the proper county offices to record the easement, she said, she had imagined there would be a chorus of hosannas. Instead, there was only a routine transaction, but the fact her celebration was witnessed only by a county clerk did not wipe the smile from her face.

"I am (thrilled), absolutely," she said a few days later, and her smile proved it. "Absolutely, just because I know it's protected now. Because you can see all the development coming around (and) it made me feel very sick about it.

"Now I know it's protected."

In addition to her rustic home and other small buildings, Allerio's property on Turner Road consists of 63 acres of biologically diverse forest, including stands of red oak and aspen, hemlock and northern hardwoods, white pine and aspen and 15 acres of apple Orchard. Portions of the property have been designated as an agricultural zone and a forested zone. The

easement document indicated that development of the protected property would impair the scenic character of the rural landscape, which includes the orchard district of Bayfield that is so popular with tourists, and the scenic panorama of Lake Superior that is visible from a ridgeline on the property.

In addition, the protected property provides habitat for many species of plants and animals.

As a result of the conservation easement, no industrial or commercial use of the property would be permitted, agricultural uses could only take place in the designated zone and no residential use or development would be allowed. Any timber harvest would be done in accordance with a stewardship plan prepared for the property by Living Forest Cooperative or through a third party certified sustainable forestry management plan.

All exactly as Allerio wished.

The easement might be viewed as Allerio's parting gift to the property she has owned for nearly 20 years, but which she has listed for sale in full expectation that the development limits will be viewed by buyers "as a protection, rather than a restriction." She envisions a young couple buying the property and putting the orchard, which could easily be used for growing organic fruit, back in shape, or perhaps an older couple, "somebody who can appreciate the

experience, maybe a different way of living.

"I don't know how that's going to turn out," she said, "but it would interest me as a buyer."

The process of obtaining a conservation easement was a bit more complicated and time-consuming than she had thought, Allerio said, but she credited BRC executive director Ellen Kwiatkowski with shepherding the process along to its happy conclusion.

"Generally speaking, I thought it went very well," Allerio said, and in the end the protection of her land into perpetuity was worth the effort.

"Yes, it's going to be so good. That makes me very happy."



Karen stands next to one outcome of her forestry management plan.

Chipping In *(continued from page 4)*

important programs, such as the USDA Value Added Producer Grants, that can help incentivize cooperative efforts along the lines of Austria's Biomass Logistics and Trade Centers. But the scale of public and private investments in biomass energy development is overwhelmingly higher in Austria than in the United States, as are resources dedicated to spreading information and awareness of biomass energy to complement and bolster the efforts of private enterprise.

Investigating "best practices" emerging from the cooperative developments in Austria, as well as the programs and policies that are supporting them, can help fine-tune and deploy frameworks for enabling renewable energy to expand biomass

energy production in the United States. We met many great people in Austria who are more than happy to share information about their progress and help others, including cooperatives in America interested in developing similar enterprises that are distributed and scaled to more readily benefit rural producers and communities, while also encouraging sustainable land use practices.

As we move forward with our wood biomass industry, we must balance our enthusiasm for expansion of biomass-to-energy developments with a determination that we don't deplete the resilience and future productive potential of forests and woodlands.



LIVING FOREST COOPERATIVE

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calendar

EQIP Funding for Cost Sharing—OPEN NOW! (see article inside)

NOVEMBER 10: LFC Board Meeting, 5:00 pm, Ashland Office

DECEMBER 1: Legislative Study Committee Meeting, 9:30 am, Room 412 East State Capitol, Madison

DECEMBER 8: KUMD (103.3FM) Interview with Charly Ray of LFC, 8:15 am.

DECEMBER 8: LFC Board Meeting, 5:00 pm, Ashland office

Good Stewards

(Published Sept. 30, 2010 in the Ashland Daily Press)



Charly Ray of Living Forest Cooperative, addressing a Binational Forum listening session at Northland College, and Carol Pufall of M&I Bank of Ashland received the 2010 Lake Superior Binational Program's Environmental Stewardship Award for business. Ray was recognized for his work reaching out to landowners in sustainable forest practices while Pufall was recognized for her efforts to reduce mercury in the environment with a thermometer exchange.

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