

Fall River Resource Conservation District –

Advancing Fuel Supply Agreements for the Burney-Hat Creek Bioenergy Project

Funded by: California Statewide Wood Energy Team



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Agreement Period: July 2015 to March 2016

April 1, 2016 Review

The Fall River Resource Conservation District applied for Statewide Wood Energy Team (SWET) funds in the summer of 2015 to advance fuel supply agreements for the proposed Burney-Hat Creek Bioenergy Project. SWET funds were approved and the RCD was directed to work with TSS Consultants as they have considerable experience assisting entities with securing feedstock supply.

Fall River Resource Conservation District (RCD) Watershed Coordinator, Todd Sloat, worked with Tad Mason of TSS Consulting to conduct project work for the activities associated with the State Wide Wood Energy Team (SWET) grant agreement with the RCD. These activities focused on developing fuel supply agreements with a private entity (i.e. Tubit Enterprises, Inc.), and exploring various approaches to secure feedstock from U.S. Forest Service projects within the supply sphere. These activities were intended to support and advance the development of the Burney-Hat Creek Bioenergy Project, a proposed community-scale 3 MW facility bioenergy within the RCD jurisdiction that will be owned and operated by Hat Creek Construction and Materials, Inc. (HCC).

Fuel Supply Agreement Template for Private Entities

Development of a draft fuel supply agreement with a private entity was initiated by securing examples of other fuel supply agreements from TSS Consultants and the

Watershed Research and Training Center (WRTC). After reviewing several examples, the Coordinator selected aspects relevant to the proposed bioenergy project and developed a draft agreement. This draft was shared with TSS and the WRTC for review and comment, and is included here as Appendix A. The next steps associated with this effort will be to present this draft agreement to Doug Lindgren, President of Tubit, a local logging company, and with Perry Thompson, Vice President of HCC for review. The goal of their review will be agreement upon several components of the draft, such as specifications, delivery, terms, quantity, price, payment, default and remedies etc. The Coordinator will incorporate comments from both entities into the draft agreement.

Feedstock from Public Lands

Exploring approaches to secure feedstock from the USFS began with the development of a brief project description, attached as Appendix B, that was used to inform USFS staff on both the Lassen and Shasta-Trinity National Forests. These two Forests have significant land within the feedstock circle of the proposed project. The Coordinator contacted the Forest Supervisors of each Forest and met with each supervisor and their staffs. The initial meetings resulted in the Coordinator gaining information about the types of projects each Forest has been developing and implementing that could provide feedstock to the proposed facility. In turn, the USFS learned about the various aspects of the proposed community-scale bioenergy project. Notes from the meetings are attached in Appendix C, and several important topics were affirmed. The following information was disclosed:

- Many existing utility-scale bioenergy facilities may close in 2016, and if closed, implementation of projects on USFS land will be negatively affected. In addition, as of a result of these closures, a high number of jobs will be lost in the region.
- Recent large fires in the region have delayed implementation of forest treatment projects.
- There are differences between the two Forests regarding how much “biomass” can be included within timber sale projects. The LNF can generally include about 75% timber products and 25% biomass, whereas the Shasta-Trinity has not been able to secure any biomass work within timber sales.
- The Shasta-Trinity is therefore mostly pile burning all their biomass material, and there may be an opportunity to purchase this existing material.
- There are a number of FS timber sale projects that have been permitted and sold, but not implemented. This “backlog” of projects in effect demonstrates feedstock supply on Federal land.
- The LNF agreed to explore the use of Integrated Resource Service Contracts (IRSC) as an approach to help secure future feedstock for the proposed facility. The Coordinator is tasked with identifying Collaborative Landscape Forest Restoration (CLFR) Projects in Region 5 that have developed IRSCs (this proposed facility is within the “Basins CFLRP” of the LNF).

Appendix A. Draft Fuel Supply Agreement

LONG TERM PURCHASE AND SALE AGREEMENT

Basis for Agreement: Hat Creek Construction and Materials, Inc. (HCC) is proposing to locate a 3 Megawatt (MW) bioenergy facility at their site located near Burney CA. The facility will process biomass using gasification technology and operate using the new BioMAT (SB 1122) program which will secure a twenty-year Power Purchase Agreement (PPA) with Pacific Gas & Electric Company (PG&E). A 3MW gasification system requires approximately twenty thousand BDT/year of feedstock to operate the facility. Therefore, HCC has contacted local forest product Contractors and assessed available feedstock (i.e. waste wood biomass) from their daily operations and deemed this material meets the BioMAT program requirements and also is of high quality feedstock for the gasification system. The information within this agreement is intended to demonstrate Tubit Enterprises, a Contractor based in Burney CA, can provide suitable feedstock for the facility at a competitive price for HCC.

Tubit Enterprises, Inc. (Tubit) has been conducting logging and biomass processing for private industrial timberland owners and federal land managers (e.g. U.S. Forest Service) for twenty years. The company generally logs an average of 10M board-feet (BF) and 150,000 bone-dry-tons (BDT) each year, with operations generally occurring between February and November. The company employs between 15-20 individuals who reside in the Burney area. Tubit has agreed to sale feedstock from their operations to HCC for a price between \$45-\$60/BDT. Tubit will make available a minimum of 7,000 BDT/year to HCC. The price of the feedstock varies due to the haul distance from the HCC yard. The details of this agreement are provided below.

Contract # - 2015 Tubit-7K

Agreement made as of _____ between _____ located at [insert address here], California, hereinafter referred to as “Buyer”, and _____, a California corporation located in _____, _____ doing business as _____, hereinafter referred to as “Seller”.

RECITALS

WHEREAS, Buyer owns and operates a biomass thermal gasification facility located at [address], California (“Buyer’s Facility”), and Seller processes biomass material in its wood waste processing operation located at _____ in _____, California (“Seller’s Facility”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is agreed as follows:

AGREEMENT

1. Purchase and Sale:

Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase and receive from Seller, processed wood residues (hereinafter referred to as “Wood Feedstock”) in the quantity, of the quality, at the price, and upon the terms and conditions set forth herein.

2. Description and Specifications:

- (a) Seller agrees to provide Wood Feedstock consisting of [describe biomass product here] meeting the specifications described in Exhibit A-1 to this Agreement.
- (b) Unacceptable Wood Feedstock: In the event Wood Feedstock delivered to Buyer at Buyer’s Facility fails to meet the description, quality and specifications as described herein, such Wood Feedstock will be deemed unacceptable (hereinafter referred to as “Unacceptable Wood Feedstock”), Buyer shall have the right to reject Wood Feedstock reasonably determined by Buyer to be Unacceptable Wood Fuel. Unacceptable Wood Feedstock shall be removed from Buyer’s Facility by Seller at Seller’s expense or by Buyer at Seller’s expense promptly upon Buyer’s determination and notification to Seller that such feedstock is Unacceptable Wood Feedstock. Buyer’s acceptance of the delivery of any Unacceptable Wood Feedstock shall not constitute a waiver of such default, or of any rights which Buyer may have under this Agreement or as provided by law,

3. Measurement:

- (a) The unit of measurement shall be that quantity of Wood Feedstock which contains two thousand (2,000) dry pounds of wood fiber and is hereinafter referred to as a “Bone Dry Ton” and designated by the symbol “BDT”.
- (b) Buyer shall determine the net weight in pounds of each truckload of Wood Feedstock delivered to Buyer’s facility by weighing the loaded vehicle and deducting the tare weight of the truck and trailer. Buyer shall determine the percentage of dry Wood Waste in each delivery by testing representative samples using procedures and specifications prescribed by the ASTM (or equivalent) for such purpose. The percentage of dry Wood Waste so determined shall be multiplied by the weight in pounds of the material delivered, and the product shall be divided by two thousand (2,000) to determine the number of Bone Dry Tons contained in each truckload. For purposes of the Agreement, measurement shall be made to the nearest hundredth (1/100) BDT. Sample testing will also be conducted to determine the ash content of delivered Wood Feedstock. The quantity of Wood Feedstock delivered by Supplier will be reduced to account for non-combustibles (ash) content if representative sampling and testing indicate delivery of Wood Feedstock exceeding Wood Feedstock standards as set in Exhibit C.
- (c) The weigh scales used by the Buyer must be certified by the State of California. Seller shall have the right to have its agent present at any weighing, and shall also

have the right to have weigh scales and/or related equipment inspected and tested for accuracy by a qualified technician at Seller's expense.

- (d) Buyer's records with respect to determination of weight, moisture content and wood fiber content of Seller's shipments shall be available for inspection by Seller at Buyer's Facility at any reasonable time. If error is discovered, Buyer shall immediately make appropriate changes. If an error is repetitive or continuous, Buyer's records and payments to Seller shall be adjusted to correct such error retroactive to the point in time reasonably determined by Buyer and Seller as the initial occurrence of the error.

4. Delivery:

- (a) Seller agrees to deliver Wood Feedstock to Buyer F.O.B. trucks at Buyer's Facility. Deliveries may be completed between the hours of 6:00 A.M. and 8:00 P.M., Monday through Friday. For purposes of this Agreement, "truck" includes trailers and tractor-trailer combinations.
- (b) Seller agrees to deliver Wood Feedstock using self-unloading trailers. Buyer may reject any truck, which Buyer considers unsafe for unloading.
- (c) Notwithstanding anything to the contrary contained in Article 4 or Article 7 herein, Buyer shall have the right, at any time, to direct that Wood Feedstock deliveries hereunder be made to any Facility within the State of California which is capable of receiving such deliveries, provided that Buyer shall provide Seller with verbal notification of its intention to so direct at least forty-eight (48) hours in advance of required delivery. Buyer shall compensate Seller for actual additional transportation costs incurred by Seller as a result of such redirection by Buyer.
- (d) Seller's trucks shall be maintained at all times in a safe and legal condition. Prior to the first delivery hereunder, and subsequently as reasonably requested by Buyer, Seller shall provide evidence to Buyer's satisfaction that Seller's trucks and truck drivers are insured at least to the minimum standards required by law, but not less than one million dollars (\$1,000,000) general liability and property damage per incident.
- (e) Seller shall keep Buyer informed of its production schedule so that the parties can make the necessary arrangements with each other and with third parties for efficient delivery of the Wood Feedstock purchased and sold hereunder.

5. Term:

- (a) This Agreement shall become effective upon execution. The Term of this Agreement shall commence _____ and shall terminate _____, unless extended in accordance with Article 5(c) herein.
- (b) The Term shall consist of five (5) years ("Contract Years"). Contract Years shall be consecutive, and shall begin on January 1st and end on December 31st of each calendar year.
- (c) The Term of this Agreement shall be automatically extended for an additional three years on _____, and shall be automatically extended on _____

each subsequent December 31st for an additional three years, unless either party hereto provides written notice of no extension of the Agreement to the other party no less than 90 days before December 31st.

6. Quantity:

- (a) Seller shall sell and deliver to Buyer at Buyer's Facility, and Buyer shall purchase and receive from Seller, _____ Bone Dry Tons of Wood Feedstock during each Contract Year (hereinafter referred to as the Annual Quantity”).

7. Price:

- (a) Base Price: The Base Price for which Seller agrees to sell and deliver to Buyer's Facility, and at which Buyer agrees to purchase and receive Wood Feedstock hereunder, shall be fixed during the first Contract Year (\$_____/BDT) as follows:
- (b) Annual Escalation: Effective on the first day of the second Contract Year (specifically, _____, and on the first day of each succeeding Contract Year, the Base Price in effect during the prior Contract Year shall be increased by X percent (X%) and shall remain at the increased level for the duration of the then-current Contract Year. Notwithstanding the foregoing, no price increase shall take effect in any Contract Year unless and until the Annual Quantity of Wood Feedstock required to be sold and delivered to Buyer by Seller during the previous Contract Year (as described in Article 5(b) herein) is purchased and received by Buyer. The following schedule defines volume and price during the initial term of this Agreement.

Contract Year	Price/BDT
1	\$ _____
2	\$ _____
3	\$ _____
4	\$ _____
5	\$ _____

8. Payment:

- (a) Payments for delivered and accepted Wood Feedstock shall be made on the 25th day of each month for Wood Feedstock received from the first through the 15th day and on, or about, the 10th day of each month for Wood Feedstock received from the 16th day through the end of the previous month.
- (b) Buyer shall forward to Seller with Buyer's periodic payment Buyer's certificate showing net weight of each delivery made during the accounting period for which payment is being made. If within thirty (30) days of receipt of the statement, Seller does not make a report in writing to Buyer of an error, Seller shall be deemed to have waived any error in Buyer's statement and payment, and they shall be considered correct and complete.

9. Binding Effect: Successors and Assigns:

- (a) This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- (b) Neither party hereto shall assign or otherwise convey any of its rights, titles or interest under this Agreement without the prior written consent of the other party hereto (which consent shall not be unreasonably withheld); provided, however, that without any such consent, either party hereto or its respective successors or permitted assignee may assign any or all of its rights, titles and interest hereunder to:
 - (I) any person, corporation, bank, trust company, association or other business or governmental entity as security in connection with obtaining or arranging financing for such party; or
 - (II) any person, corporation, bank, trust company, association or other business or governmental entity in order to enforce any security assignment described in Article 9(b)(I).
- (c) Unless otherwise agreed by the parties hereto in a separate writing, no permitted assignment described above shall relieve the assigning party from any of its obligations under this Agreement.

10. Notices:

Each party shall designate in writing a representative to receive notices hereunder. Any notice, given by either party to the other party to the other bearing on this Agreement shall be sent by telegram or by certified mail, postage prepaid, return receipt requested, properly addressed to such representative. The representatives so designated are as follow:

Buyer:

Seller:

If notice is sent by overnight mail as provided hereunder, it shall be deemed delivered as of two (2) business days after it is transmitted; if notice is sent by certified mail as provided hereunder, it shall be deemed delivered as of three (3) business days after it is deposited in the U.S. Mail as provided herein.

Either party may change the person or address specified in this Article upon giving the other party written notice of such change. Routine operating instructions, requests, directions and notices shall not require a notice as above provided and may be given in such manner and to such persons as may be customary or practicable.

11. Default and Remedies:

- (a) The failure by Buyer or Seller (the “Defaulting Party”) to fulfill substantially any material obligations to the other party (the “Nondefaulting Party”) under this Agreement unless excused by Force Majeure shall constitute an Event of Default; provided that no such failure, action, or event shall constitute an Event of Default unless and until:
 - (I) The Nondefaulting Party shall have provided written notice to the Defaulting Party specifying that an act, event or failure to act (“Default”) has occurred which will, unless cured, constitute an Event of Default; and
 - (II) The Defaulting party shall not have cured such Default within thirty (30) days from receipt of notice from the Nondefaulting Party.
- (b) If during the Term of this Agreement, an Event of Default shall occur, then in any such case, in addition to any other remedies it may have, the Nondefaulting Party, at its option, may terminate this Agreement by providing written notice to the Defaulting Party.

12. Force Majeure

- (a) Any delays in or failure of performance by Buyer or Seller, other than payment of money owed for Wood Feedstock delivered and accepted under the terms of this Agreement, shall not constitute default hereunder if and to the extent such delays or failure of performance are caused by occurrences beyond the reasonable control of Buyer or Seller, as the case may be, including but not limited to acts of God, or the public enemy; expropriation or confiscation of facilities; compliance with any law, change of law, or government regulation or judicial or governmental order; act of war, rebellion or sabotage or damage resulting there from; fire, flood, earthquake, explosion, accident, breakdown of machinery, riot, strike or other concerted acts of workmen, whether direct or indirect; or any causes which are not within the reasonable control of Buyer and Seller, respectively, and which by the exercise of reasonable diligence Buyer or Seller are unable to prevent.
- (b) If either party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure, that party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:
 - (I) the non performing party, promptly after the occurrence of the Force Majeure, gives the other party written notice describing the particulars of the occurrence, and its plans to repair or to take other actions to cure its inability to perform;
 - (II) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure.

- (III) If the event of Force Majeure continues for one year or longer the party not requesting excuse of performance may terminate this Agreement by providing written notification to the other party.

13. General Provisions

- (a) Entire Agreement. This Agreement and any exhibits attached hereto shall constitute the entire agreement between the parties, and there are no representations or understandings, oral or written, between them as of the date hereof other than as set forth herein.
- (b) Relationship of the Parties. Seller shall at all time act as an independent contractor with respect to the performance of this Agreement. Neither Seller nor any employees or agents of Seller shall be considered an employee or agent of Buyer for any purpose. Neither Seller nor any employee or agent of Seller shall represent themselves to be an employee nor is agent of Buyer and Seller totally responsible for its operations.
- (c) Amendments. No wavier, alteration, modification or termination of this Agreement or any of the provisions hereof shall be binding unless in writing and duly executed by the party to be bound thereby.
- (d) Governing Language. This Agreement and the rights and obligations of the parties hereto shall be governed by and construed under the laws of the State of California.
- (e) Waiver. The failure of either party at an time or from time to time to enforce any of the terms of this Agreement shall not be construed to be a waiver of such term or of such party's right to thereafter enforce each and every provision thereof.
- (f) Ownership: Legal Compliance. Seller represents and warrants that it has all right, title, and interest in the Wood Feedstock delivered hereunder and that the same is free from all liens and encumbrances. Seller guarantees that all Wood Feedstock delivered under this Agreement shall be produced and delivered in compliance with all applicable federal, state, and local laws and regulations, including without limitation OSHA and environmental regulations.
- (g) Indemnity. Each party shall indemnify, defend and hold harmless the other party, its officers, directors, agents, and employees against all loss, claims, damage, expense, and liability to third persons for injury to or death of persons or injury to property, proximately caused by the indemnifying party's negligent or willful acts or omissions in connection with this Agreement. The indemnifying party shall, on the other party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity. Obligations of the parties pursuant to this Article 13 shall continue in full force and effect notwithstanding the termination of the remainder of this Agreement.

SELLER:

By _____

Title _____

Date _____

BUYER:

By _____

Title _____

Date _____

EXHIBIT A-1

WOOD FEEDSTOCK SPECIFICATIONS

INSERT SPECIFICATIONS HERE

Appendix B. Promotional Outreach Material for Hat Creek Construction



“WE SPECIALIZE IN SATISFIED CUSTOMERS”

Introduction: Hat Creek Construction & Materials, Inc. (Hat Creek Construction) is proposing to develop a community-scale (up to 3MW) biomass combined heat and power Facility (“The Project”) at their yard located just north of the intersection of Highway 89 and 299 near Burney. Known as Burney/Hat Creek Bioenergy, the facility will be designed to utilize approximately 22,000-24,000 bone dry tons (BDT) per year of forest biomass feedstock. This feedstock demand for the facility would help serve the estimated 363,000 BDT of woody biomass currently available on public and private lands (Watershed and Research Training Center 2016 – Feasibility Study) within a 50-mile radius of the plant site (see attached map). If successful, the facility will support sustainable forest management practices, sustain local jobs, and provide renewable energy (both heat and power). This is critical in face of increased incidence of wildfire, changing climatic conditions and the need for economic development in Shasta County.

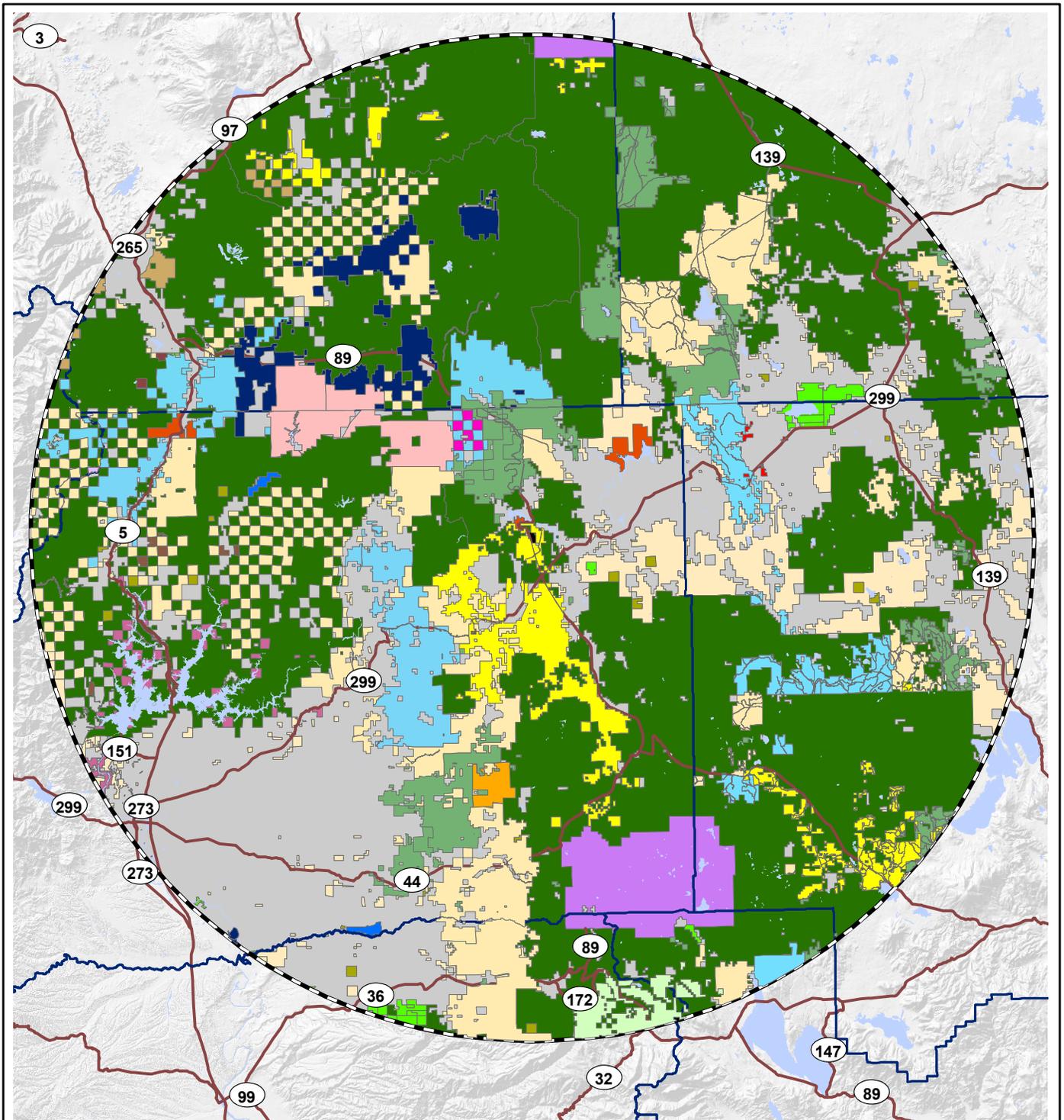
Rationale for Site Development: The project is strategically located near the intersection of two major highways surrounded by a diversity of private and public timberlands. In addition, new state policies, specifically California Senate Bill 1122 (2012) establishes a feed-in tariff program (BioMAT) for 250 MWs of distributed community-scale biomass energy, which specifically includes 50 MW from forest biomass. There are also numerous other aligning policies/programs at the state, regional, and national scale that are supportive of active forest management and include:

- The Burney Basin Collaborative Forest Landscape Restoration Program (CRLRP)
- Governor of CA Emergency Order (issued October 30, 2015) addressing extreme tree mortality and the critical role of bioenergy
- Pit River watershed is an area designated as a priority treatment area under the 2014 Farm Bill and Healthy Forest Restoration Act (2014)
- The Sierra Nevada Forest and Community Initiative, developed by the Sierra Nevada Conservancy, aims to improve the environmental, economic, and social well-being of the Sierra Nevada Region
- Numerous state and federal grant programs supporting forest health and fuels treatments

Steps Completed and Partnerships: Hat Creek Construction has selected West Biofuels, a California-based gasification technology developer, to provide engineering services and technology for the 3 MW facility. They have also completed initial site design and layout, prepared a California Environmental Quality Act (CEQA) document, and submitted a System Impact Study to Pacific Gas & Electric Company (PG&E) to determine electrical interconnection needs. The project is expected to be one of the early-stage participants in the BioMAT program and anticipates being one of the first community-scale forest biomass facilities in California.

Future Milestones Necessary for a Successful Project: While many steps have been completed, and other important ones are nearly finished, the project needs to secure long term feedstock supply agreements for consistent and dependable supply. While the company has the ability to expand and provide forest fuels treatment services (e.g., forest treatments), our preferred approach is to utilize existing contractors and secure feedstock supplied by logging firms, landowners, and land managers. We anticipate having these agreements in place by the December 2016 and at that time, anticipate a favorable price for electricity through the BioMAT program will be available to secure the necessary Power Purchase Agreement from PG&E.

Additional Information: Contact Todd Sloat, Project Manager – 530.708.1597 tsloat@citlink.net
Perry Thompson, Vice President, Hat Creek Construction 530.949.6145, perry@hatcreekconstruction.com



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|------------------------------|-----------------------------|---|--|
| Beauty and Associates | John Hancock Life Insurance | California State Lands Commission | National Park Service |
| Big Valley Lumber Company | Pondosa Forest LLC | CalFire | Bureau of Land Management |
| Collins Pine | Roseburg Resources | California Department of Parks and Recreation | US Forest Service |
| Crane Mills | Sierra Pacific Industries | California Department of Fish and Wildlife | The Nature Conservancy |
| Fruit Growers Supply Company | Siller Brothers | Bureau of Reclamation | 50-Mile Radius Around Project Location |
| Hearst Corporation | Timber Products | Other Private | Project Location |

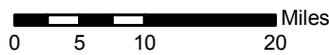


FIGURE 9
FOREST OWNERSHIP
 BURNHEY-HAT CREEK BIOENERGY FACILITY
 SHASTA COUNTY, CALIFORNIA

Appendix C. Meeting Notes with USFS Staff

Meeting Notes: January 27th, 2016

Attendees: Dave Hays, Lassen National Forest (LNF) Supervisor; Scott Stawiarki, LNF Silviculturist, Chris Obrien, Ecosystem and Public Services Staff Officer, Joe Franco, Contracting Officer, Todd Sloat, Watershed Coordinator – Fall River Resource Conservation District

Meeting Purpose: To explore the possibility of developing an Integrated Resource Service Contract (IRSC) with the Lassen National Forest

Background: Todd Sloat provided a project overview to the LNF staff and discussed the current efforts of the RCD and a new community-scale (3MW) bioenergy facility proposed by Hat Creek Construction and Materials. The group discussed the current barrier of having locations to purchase forest biomass within the region and there is a need for more facilities. Both Honey Lake Power and Burney Forest Power purchase forest biomass from forest management practices conducted within the LNF and both of these businesses are having difficulty renegotiating a favorable Power Purchase Agreement with Pacific Gas & Electric Company (PG&E), as stated by their staff. Both of their PPA's expire in 2016, and if they are unable to renegotiate a PPA, they will close. Closure of these facilities will have direct effects on the USFS ability to manage their forest.

Currently the LNF prepares "green sales" whereby purchasers bid on the sawlogs and biomass. Currently, these contracts generally have about a 75% sawlog component and 25% biomass component. In the last three years, the Lassen has averaged approximately 72,000 cubic feet of material. Roughly 30-50% of this is forest biomass and the rest is sawlogs. The LNF has not had difficulty selling these projects, and because of the recent fires and priority salvage logging associated with them, has a backlog of timber sale projects (that include a biomass component) that need to be implemented. Some of these backlogged projects are within a 50-mile radius of the proposed Burney-Hat Creek Bioenergy Project [Project].

Stewardship Contracts require more time and energy to prepare and are often prepared in regions where there is a lack of infrastructure to process forest products. However, this is not the case in this region and timber sale contracts are the primary contracting mechanism that is used by the LNF. However, banking entities who will be providing long-term debt financing for the proposed Project prefer to see some form of long-term agreements in place related to fuel supply. The group discussed two approaches to demonstrating the long-term commitment of the USFS. First, the backlog of projects previously described can be summarized to show there is "X" amount of bone-dry tons (BDT) already permitted and sold to purchasers in the region. Secondly, the group agreed to further evaluate the potential development of an IRSC for the LNF. Although the LNF does not conduct many projects that are exclusively biomass related, there are some on occasion, and some of these do lie within the Burney Basin Collaborative Forest Landscape Restoration Project.

Action Item:

- Todd will conduct a search of other Forests to see if anyone else currently has an IRSC for biomass projects.

Meeting Notes: March 10, 2016

Attendees: Dave Myers, Shasta-Trinity Forest Supervisor; Alex McBath, Fire and Fuels Specialist; and Todd Sloat, Watershed Coordinator, Fall River Resource Conservation District

Meeting Purpose: To inform the Shasta-Trinity NF staff of the interest by Hat Creek Construction to install a 3 MW bioenergy facility near Burney, and to determine the potential to secure feedstock from USFS projects conducted by the Shasta-T

Background: Todd Sloat provided a project overview to the Shasta-Trinity NF staff and discussed the current efforts of the RCD and a new community-scale (3MW) bioenergy facility proposed by Hat Creek Construction and Materials. The group discussed the current barrier of having locations to purchase forest biomass within the region and there is a need for more facilities. Burney Forest Power purchases some forest biomass from forest management practices conducted within the S-TNF and this business is having difficulty renegotiating a favorable Power Purchase Agreement with Pacific Gas & Electric Company (PG&E), as stated by their staff. Their PPA expires in 2016, and if they are unable to renegotiate a PPA, they will close. Closure of this facility will have direct effects on the USFS ability to manage their forest.

Currently, the Shasta-T develops “green sales” whereby purchasers bid on the sawlogs and biomass. However, most recently, they are not getting bids on projects with biomass and have had to restructure the sale and remove the biomass component. They are frequently having to open pile burn forest residuals and currently have projects with open piles that need burning. A few projects have been developed and have NEPA completed north of Burney. These include Porcupine and McCloud Flats. Also, they are planning projects nearby and these include: a) Highway 89 corridor; b) Lower McCloud; c) East McCloud, and d) Elk. They suggested setting up a meeting with Carolyn Napper, the District Ranger on the McCloud Ranger District. Tara Jones is the Contracting Officer in that District, Heather McCray the Fuels Planner, and Ed Demensk the Timber Forest Lead.

Another project mentioned was along the road near the Bagley Fire. There are several large trees that must be dropped for safety reasons. They were not purchased and this material could be acquired by someone who has an interest in processing the material. That theme may also be conducted from some of their slash piles on timber sale projects that are currently scheduled to be burned. They do have several areas within the feedstock circle that need biomass work and have limited timber value.

Action Item: Todd will schedule a meeting with the District Ranger on the McCloud RD and request to include some of their staff.