

# Facilitating Improved Movement of Forest Residual Fibre

The BC Ministry/Industry Forest Fibre Working Group  
Experience

Presented at the International Bio-energy Conference

## Fibre Availability and Access Session

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*by*

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# Outline



- FFWG Mandate
- Finding the common ground
- The 13 point action plan
- The four key short term actions
- Summary

# FFWG Mandate



## ➤ FFWG mandate:

### Improve the movement of forest residual fibre.

- Bring together the regulator, primary fibre users and secondary fibre users ...
- Work collaboratively on solutions to regulatory, administrative operational and economic impediments ...
- Help steer implementation and CI of those solutions.

## ➤ FFWG Members:

- MFLNRO (lead; Tenures, Competitiveness and Innovation Division)
- Primary fibre users (industry with replaceable tenures, primarily sawmills)
- Secondary fibre users (low quality / non-sawlog fibre users)
- Support organizations (eg: FPInnovations, labour)

## The key interests



### ➤ Government:

- Improved utilization (reduce waste & additional revenue) [direct & indirect]
- Reduced burning (reduced smoke)

### ➤ Secondary fibre users:

- Increased supply of raw material (non-sawlog fibre)
- Increased security of raw material supply

### ➤ Primary fibre users:

- Avoid increased operating costs / create a revenue stream
- Avoid increased forest management liability
- Not preclude own business opportunities

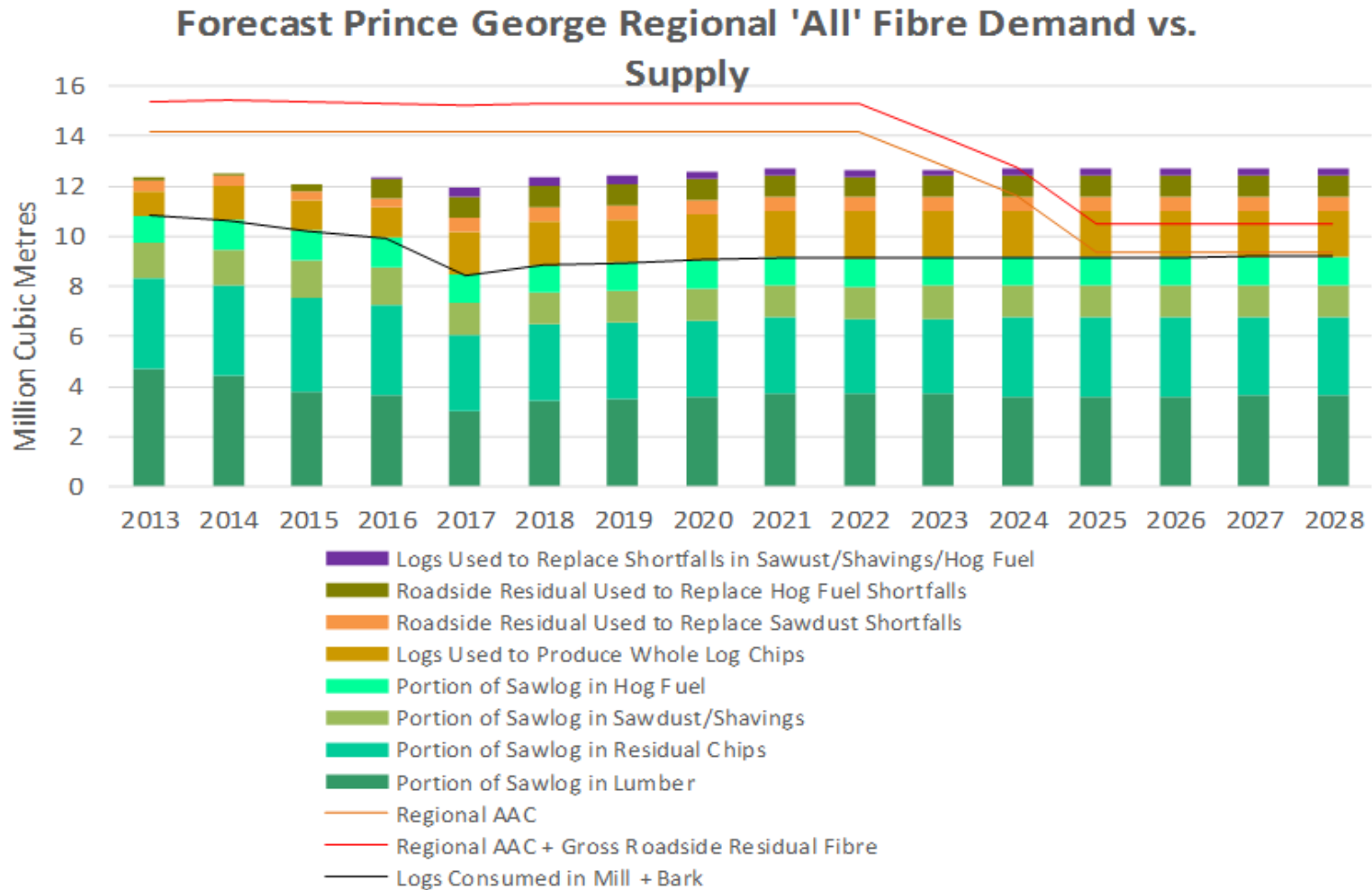
## - Finding Common Ground - The Necessary Attitude Adjustments



- All-Getting on same fibre types page (common ‘fibre-bucket’ defns)  
[sawlog, non-sawlog, non-log, ‘left for forest mgmt’] [roadside, disbursed]
- Gov’t:
  - B2B before regulatory measures
  - Net positive benefit/cost (not force uneconomic behaviour)
- Secondary fibre users:
  - Viable market evidence test step (anecdotal vs proven)
  - Forest management liabilities of tenure holders
- Primary fibre users:
  - Advance planning emphasis (including an info sharing step)
  - Fibre available to others if economic & no plans to use.

# The fibre opportunity

(gross volumes before economic lens)



Source with permission: BC Fibre Model (Murray Hall Consulting Ltd. and MDT Ltd [Jim Girvan])

# - The Results – Ministers 13 Point ‘Forest Fibre Action Plan’



1. **Revise and implement the ‘Fibre Recovery Process’**
2. Produce ‘Biomass Handling Guidelines’
3. Available tenure tools guide & communications plan
4. Available tenures tools continuous improvement
5. Establish Supplemental NR Forest Licences where appropriate
6. Examine if benefit to expanded use of cruise based billing
7. Improve use of Sustainable Cut Control authority and G4 cut control credit
8. Improve forest fibre inventory & fibre use baseline info
9. Misc operational initiatives (reduce admin costs, better VRI, FFT, Carbon Cr.)
10. **Review pricing of lower quality (non-sawlog) fibre (special FP pricing)**
11. **Extend existing residue benchmarks** & undertake benchmark improvements
12. Conduct residue and waste measurement review
13. **Facilitate sawlog & non-sawlog fibre moving concurrently using PHWA**

# The Key Four Short Term Measures



- Three measures key to secondary and primary fibre users were absent from Ministers initial draft action list due to perceived lack of industry support:
  - Motivated primary and secondary fibre user advocacy action - jointly!
  - #11 - Extend existing residue benchmarks
  - #13 - Facilitate concurrent movement of fibre (PHWA provisions)
  - #10 - Review pricing of low quality vol (SFP provisions)
  
- One orig listed item also key to industry in short term:
  - #01 - Revise & Implement the ‘Fibre Recover Process’



## Facilitating improved movement of forest residuals (1 of 4)



### ➤ Facilitating improved movement of forest residuals in the short term -the four key short term measures:

1. Extended the existing residue benchmarks (#11a)
  - Maintained/increased the economically available forest residue volume (avoided a waste billing cost increase)
  - Preserved the benchmark policy framework necessary for #13 & #10
2. Enables the concurrent movement of sawlogs to sawmills and residue fibre to residue facilities (#13)
  - Increases the economically available forest residue volume, (opportunity to lower costs through improved operational efficiencies)
  - Requires a pre-harvest waste assessment process (PHWA) step and cost but a net cost reduction overall

## Facilitating improved movement of forest residuals (2 of 4)



➤ *Facilitating improved movement of forest residuals in the short term -the four key short term measures (con't):*

3. Reviewed the pricing of low quality volumes to secondary fibre users (#10)
  - Use the Special Forest Products pricing provisions and residue benchmarks to achieve same cut control and pricing treatment of volumes delivered to secondary fibre users as if they had been left as residue on the block
  - Increases the economically available forest residue volume - removed cut control and stumpage 'penalties' of delivering low quality volumes to secondary fibre facilities relative to leaving it.
4. Revise & Implement the 'Fibre Recover Process' (#01)
  - Goal: Improve opportunity for B2B .... BUT ... also provides for 'what to do' if B2B still does not occur?

## Facilitating improved movement of forest residuals (3 of 4)



➤ *Facilitating improved movement of forest residuals in the short term -the four key short term measures (con't):*

4. Revise & Implement the ‘Fibre Recover Process’ (sequence of actions intended to foster additional B2B relationships before regulatory action taken):
  - i. Existing B2B honored
  - ii. Cost effective advance sharing of info between primary and secondary fibre users to identify any uncommitted residual fibre supply
  - iii. Collaborative advance business planning to facilitate opportunity for concurrent movement of sawlog & low quality fibre for cost effectiveness

## Facilitating improved movement of forest residuals (4 of 4)



4. Revise & Implement the 'Fibre Recover Process **(con't)**
  - iv. Still no B2B but does pass economic viability test
  - v. Establish a Fibre Recovery Zone & issue a Fibre Recovery Tenure & relieve primary tenure holder of hazard abatement obligations
  - vi. Issue a Fibre Recovery Tenure and a Do-Not-Destroy order & relieve primary tenure holder of hazard abatement obligations
  - vii. Issue a stand-alone Do-Not-Destroy order & DO NOT relieve primary tenure holder of hazard abatement obligations

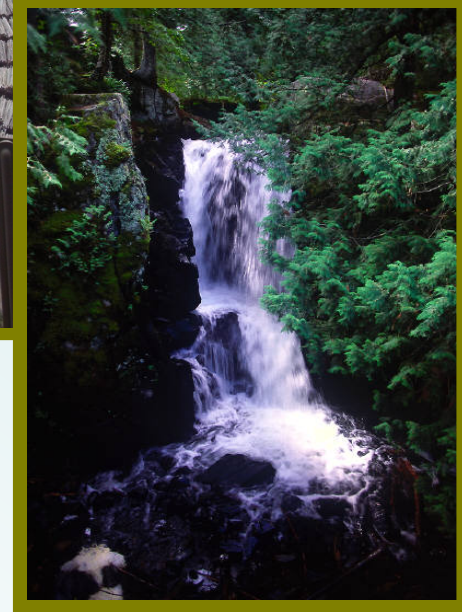
## Conclusion



- The necessary framework now exists but:
  - Not yet implemented (crown net revenue examination)
  - Untested ... will undoubtedly need some 'continuous improvement' as go
- Let's get on with it .....



➤ Thank you ... Questions/Discussion?





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