Testimony of

Alden J. Robbins

Vice President

Robbins Lumber Incorporated

Field Hearing for the US Senate Committee on Energy and Natural Resources

Friday, October 6, 2017

Senators, staff, members of the public. It is my pleasure to welcome you to Searsmont, Maine. My name is Alden Robbins, and I am the Vice president of Robbins Lumber Inc. We are a vertically integrated Forest Products Manufacturing Center with 27,000 acres of timberland, a high tech White Pine Board mill producing up to 30 Million board feet of lumber annually, 750,000 board feet of drying capacity, two Planer mills, 6 million board feet of warehouse space, 90,000 square feet of coating plant and value added manufacturing, along with our own fleet of distribution trucks to help deliver it all. I own the business with my Sister, Catherine Robbins-Halsted and my Brother James Robbins. Together we make up the Fifth generation of Robbins to operate this sawmill in this valley. Our Great, Great Grandather, Otis Robbins purchased a water powered mill here from George Dyer in 1881. In 1947, the mill converted from water power to Diesel Electric power, and then finally in 1964, we started using power from the electric grid. In 1975, my uncle, Jenness Robbins, and Father James L. Robbins, built a cogeneration facility on this current site, and continued to upgrade the infrastructure throughout the decades.

As you can see, the issues of power are always on the minds of sawmillers, and after 136 years of operation, we have only been exclusively tied to the grid for about 11 of those years!

I am proud to announce that the current generation have embarked on the most ambitious power project to date, with the construction of a 8.5 Megawatt Combined Heat and Power (CHP) facility adjoining our current biomass facility.

Our journey towards this investment started with the first announcements of the Paper Mill Closures in this state. As a byproduct of our sawing operations, we

produce approximately 100 tons of paper quality chips, 50 tons of sawdust, and over 30 tons of bark every day. Paper Mills have traditionally been the major market for a number of these by products. With the closures of half a dozen of these mills in recent years, sawmills are in a situation where residuals have gone from being a revenue stream, into a potential liability.

This comes at an unfortunate time, as the forest products industry is at the dawn of a new age of prosperity. The comeback of the housing market, along with new markets such as Mass Timber Construction, point to a bright future for Forest Products in this country.

Maine is poised to take advantage of this renaissance. We are one of the most forested states in the nation, with well managed timberlands, located close to major Metro markets like Boston and New York, and top notch research facilities like the Advanced Structures and Composites center at the University of Maine in Orono.

In order to complete this picture, we need to find a market for the residuals coming off from the existing sawmills, and the logging operations needed to supply them. My sawmill struggles every year to bring in our raw material because the loggers can no longer realize the revenue from the logging residuals and low grade pulp wood as they once did.

A vibrant biomass market, through the widespread disbursement of CHP plants is one way to help address this problem.

After looking at various options for our renewables and speaking with peers such as Mr. Linkletter, we learned about the Community Based Renewables Energy program in late 2015, which had been reopened for project submittals for a three week window. After a quick discussion, we decided to submit a proposal, and in Early 2016 we were informed that we were awarded a contract. We were off to the races, since the CBREP program required that the projects would be completed and generating by the end of 2018, and that is not a lot of time to undertake a prject of this scale. We immediately started working with our lender Farm Credit East, who was invaluable in providing the financing for our project.

The construction of this plant will have many benefits to Robbins Lumber Inc., the logging community, the land owners, and the surrounding community, all of which can be replicated throughout the state. Benefits include:

- It will allow us to focus on our core competence of manufacturing Top Quality Eastern White Pine products without the concern of our residuals market.
- It helps to support our local loggers which provide the lifeblood to our business, Eastern White Pine Saw Logs.
- It will help us maintain the health of our forestland, and helps to reduce wildfire danger.
- It will diversify our income stream.
- It will attract new investment through colocation opportunities.
- The job creation and retention benefits of CHP plants go far beyond the construction jobs, which is where most other renewable energy sources stop. I have included a table from a recent Implan study done for our project which shows an impressive impact on protecting existing jobs both here at the mill and in the woods, as well as adding new jobs.
- Grid security: Geographically dispersed smaller regional generation facilities are more resilient than massive single source producers such as nuclear plants.
- Energy costs are obviously a key factor since Maine's Forest Producsts companies compete not only locally, but globally. The Northeast has some of the highest energy costs in the country, and CHP facilities can help control an important variable for manufacturing centers.

How do we encourage the construction of similar projects throughout the region and country?

In order to encourage the construction of facilities such as ours, they need to be financed. In order to be financed, the payback has to be shown. Stable Federal policy that recognizes and supports the benefits of CHP plants such as our own is imperative. The House Energy and Commerce committee right now is considering modernizing the Public Utility and Regulatory Policies Act (PURPA) a bill adopted years ago to promote renewables energy and CHP. I believe that no matter what Congress does on PURPA, it should maintain the key provisions that are necessary for maintaining equitable treatment of industrial CHP. Examples of this include reasonable back up and standby power rates and the requirement that utilities purchase excess power through contracts of sufficient length that they help industries obtain financing for new or expanded CHP facilities.

I thank you for taking the time to come to our little corner of the world, and I encourage you to use these ideas presented today to encourage the opportunity for CHP in this region. They can supply the power and the steam to drive innovation and make the products of the 21st century, as well as support the traditional business such as robbins Lumber Inc. and help keep a 6th Generation sawing pine in this valley.

Table 3: Economic Impacts of 7.5 MW Biomass Plant, 2016----17

Impact Category	Sales/Spending	Jobs (FTE)	Pay & Benefits
1. Electricity Generation	$5,501,000	45.9	$1,944,000
Plant Operation (Labor)	*n.a.*	*6.0*	*$222,000*
Fuel Costs (Logging)	*$2,903,000*	*28.0*	*$1,219,000*
Operation/Maintenance	*$519,000*	*5.0*	*$360,000*
Professional Services	*$75,000*	*0.6*	*$40,000*
Property Taxes/Insurance	*$295,000*	*1.4*	*$75,000*
Banking (interest paid)	*$1,709,000*	*4.9*	*$250,000*
2. Sawmill Operation	$20,000,000	100	$4,200,000
Total Direct Impact	**$25,501,000**	**146**	**$6,144,000**
Indirect Impacts	$15,630,000	89	$3,770,000
Induced Impacts	$9,870,000	56	$2,380,000
Total Economic Impact	**$51,001,000**	**291**	**$12,294,000**

Source: Robbins Lumber; Maine Department of Labor, Quarterly Census of Employment and Wages; indirect impacts derived from the IMPLAN model of the State of Maine.