**The Community Wood Energy Program**

**Issue**

Residuals from hardwood sawmills, particularly sawdust and bark, have historically been a source of additional income as mills were able to sell their waste to pulp and paper and pellet mills.  Paper mills have reduced their demand and the relatively low prices of oil and natural gas have driven customers away from wood based heating systems fed by pellets. Warm winters have also undoubtedly put some downward pressure on demand. The issue of mounting sawdust and bark residuals from mills has evolved from a mild apprehension in 2016 to a significant worry in the spring and summer of 2018 particularly after another fairly warm winter in the eastern part of the U.S.

**Background**

The Hardwood Federation supports the **Community Wood Energy Program (CWEP)** to help drive up demand for these wood residuals in the form of incentives for increased use of these materials.

**CWEP**, contained within the Farm Bill has the potential to address the problem of residuals.  CWEP was created to provide grants to projects that install wood heating systems in hospitals, schools, community centers and entire towns.  Currently, the program has authorization, but no money for the actual grants...far from an ideal situation.  We are advocating for reauthorization and meaningful mandatory funding of $50 million annually over the life of the next Farm Bill to fulfill CWEP's objectives, which includes supporting "capital investments for advanced wood energy and combined heat and power in public and private facilities and to support other uses of low value, low quality wood, with a preference for projects that use byproducts of wildfire, forest health treatments and **wood product manufacturers**, projects in areas that need markets for low value, low quality wood, or have limited access to pipeline natural gas."

**Hardwood Federation Position**

The Federation supports full funding of the CWEP as part of the 2018 reauthorization of the Farm Bill. As we head to Conference between the House and Senate versions of the Farm Bill, the Senate keeps funding at previous levels of $5 million per year over the life of the Farm Bill. The Hardwood Federation prefer the House version which has CWEP authorized at a much higher level and its scope is was expanded to include grants for constructing innovative wood products facilities, while