115TH CONGRESS
2D SESSION

S.

To amend the Farm Security and Rural Investment Act of 2002, to require
the Secretary of Agriculture to establish a community wood energy and
wood innovation program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Senator Shaheen
And Senator Collins
introduced the following bill; which was read twice
and referred to the Committee on

A BILL

To amend the Farm Security and Rural Investment Act
of 2002, to require the Secretary of Agriculture to estab-
lish a community wood energy and wood innovation pro-
gram, and for other purposes.

1     Be it enacted by the Senate and House of Representa-
2     tives of the United States of America in Congress assembled,
3     SECTION 1. SHORT TITLE.
4     This Act may be cited as the “Community Wood En-
5     ergy Innovation Act of 2018”.

SEC. 2. COMMUNITY WOOD ENERGY AND WOOD INNOVATION PROGRAM.

Section 9013 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113) is amended to read as follows:

"SEC. 9013. COMMUNITY WOOD ENERGY AND WOOD INNOVATION PROGRAM.

(a) Definitions.—In this section:

(1) Community wood energy system.—

(A) In general.—The term ‘community wood energy system’ means an energy system that—

(i) produces useful—

(I) thermal energy; or

(II) combined thermal energy and electricity, where thermal energy is the primary energy produced;

(ii) services—

(I) public facilities owned or operated by State or local governments, including schools, town halls, libraries, and other public buildings; or

(II) private or nonprofit facilities, including commercial and business facilities, such as hospitals, office buildings, apartment buildings, and
manufacturing and industrial buildings; and

"(iii) uses woody biomass, including residuals from wood processing facilities, as the primary fuel.

"(B) INCLUSIONS.—The term ‘community wood energy system’ includes—

"(i) single facility central heating systems;

"(ii) district heating systems serving multiple buildings;

"(iii) combined heat and electric systems, where thermal energy is the primary energy produced; and

"(iv) other related biomass energy systems, as determined by the Secretary.

"(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

"(A) a State;

"(B) a local government;

"(C) a nonprofit entity; or

"(D) a private commercial entity.

"(3) ELIGIBLE PROJECT.—The term ‘eligible project’ means a project described in subsection (b)(2).
"(4) INNOVATIVE WOOD PRODUCT FACILITY.— The term ‘innovative wood product facility’ means a manufacturing or processing plant or mill that produces—

"(A) building components or systems that use large panelized wood construction, including mass timber;

"(B) wood products derived from nanotechnology or other new technology processes, as determined by the Secretary; or

"(C) other innovative wood products that use wood that is low-value and low-quality, as determined by the Secretary (referred to in this section as ‘low-value, low-quality wood’).

"(5) MASS TIMBER.—The term ‘mass timber’ includes—

"(A) cross-laminated timber;

"(B) nail laminated timber;

"(C) glue laminated timber;

"(D) laminated strand lumber; and

"(E) laminated veneer lumber.

"(6) SECRETARY.—The term Secretary means the Secretary, acting through the Chief of the Forest Service.

"(b) GRANT PROGRAM.—
“(1) IN GENERAL.—The Secretary shall establish a program, to be known as the ‘Community Wood Energy and Wood Innovation Program’, to provide to eligible entities grants to carry out eligible projects described in paragraph (2).

“(2) ELIGIBLE PROJECTS.—

“(A) IN GENERAL.—An eligible entity that receives a grant under paragraph (1) shall use the grant to install a community wood energy system or to build an innovative wood product facility in an area in which the market for low-value, low-quality wood used by the community wood energy system or innovative wood product facility has declined.

“(B) LIMITATION.—An eligible entity that receives a grant under paragraph (1) may only use the grant to install a community wood energy system that does not exceed a nameplate capacity of 10 megawatts of thermal energy or combined thermal and electric energy.

“(3) SELECTION OF GRANT RECIPIENTS.—

“(A) APPLICATIONS.—An eligible entity desiring a grant under paragraph (1) shall submit to the Secretary an application at such time, in such manner, and containing such in-
formation as the Secretary may require, including a detailed plan that describes the engineering and design work to be carried out for the proposed eligible project.

"(B) SELECTION.—The Secretary shall award grants under paragraph (1) on a competitive basis, taking into account—

"(i) the energy efficiency of the proposed eligible project;

"(ii) the cost effectiveness of the proposed eligible project;

"(iii) whether the proposed eligible project represents best-in-class commercially available technology;

"(iv) whether the applicant has demonstrated a high likelihood of the eligible project succeeding, as demonstrated in the plan required as part of the application under subparagraph (A); and

"(v) other technical, economic, conservation, and environmental criteria that the Secretary considers appropriate.

"(C) PRIORITIZATION.—In selecting eligible entities for grants under subparagraph (B),
the Secretary shall give priority to applicants proposing eligible projects that—

"(i) are located in areas in which markets are needed for the low-value, low-quality wood;

"(ii) are located in areas with limited access to natural gas pipelines;

"(iii) include the use or retrofitting of existing sawmill facilities located in counties in which the average annual unemployment rate exceeded the national average unemployment rate by greater than 1 percent in the previous calendar year; or

"(iv) are located in areas in which markets will aid with forest restoration.

"(c) FUNDING REQUIREMENTS.—

"(1) CAP ON CAPITAL COSTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the total installed capital cost of an eligible project that receives a grant under subsection (b)(1) shall not exceed $1,000,000.

"(B) EXCEPTION.—The Secretary may award a grant to an eligible entity for an eligible project the total installed capital cost of
which exceeds the cap described in subparagraph (A) but does not exceed $1,500,000 if, as determined by the Secretary, special circumstances warrant such a grant, such as the eligible project being carried out at a school or hospital located in a low-income community.

"(2) Cost-sharing requirements.—

"(A) Federal share.—

"(i) In general.—Except as provided in clause (ii), the Federal share of the installed capital cost of an eligible project carried out by an eligible entity that receives a grant under subsection (b)(1) shall be not greater than 35 percent.

"(ii) Exception.—The Federal share of the installed capital cost of an eligible project carried out by an eligible entity that receives a grant under subsection (b)(1) may be not greater than 50 percent if the Secretary determines that special circumstances warrant such a Federal share, such as the eligible project being carried out at a school or hospital located in a low-income community.
“(B) NON-FEDERAL SHARE.—The non-Federal share of the installed capital cost of an eligible project carried out by an eligible entity that receives a grant under subsection (b)(1) shall be not less than the Federal share provided under clause (i) or (ii) of subparagraph (A), as applicable.

“(d) REPORT TO CONGRESS.—Not later than December 31, 2019, and not less frequently than once every 2 years thereafter, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Committee on Natural Resources of the House of Representatives, and the Committee on Agriculture of the House of Representatives a report that—

“(1) analyzes the impact of the Community Wood Energy and Wood Innovation Program on supporting market investments in low-value, low-quality wood; and

“(2) identifies specific opportunities and measures necessary to enhance support for low-value, low-quality wood.

“(e) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated to the Secretary to carry out this sec-
tion $50,000,000 for each of fiscal years 2019 through 2023, to remain available until expended.

"(2) LIMITATION.—The Secretary may use not greater than 25 percent of amounts made available under paragraph (1) to make grants to eligible entities to build innovative wood product facilities, unless the Secretary has received no other appropriate applications for grants to install community wood energy systems."