

MADISON'S LUMBER REPORTER



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News & Updates

Madison's Timber Preview

This week Sino-Forest Products Corporation, out of Mississauga, ON, is examined. Not a lumber producer in Canada, but a Canadian-based tree plantation owner in China, operating a panel laminating plant. The company has done much to increase demand for wood products in China significantly over the past ten years.

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Western Canada's Fire Season

This year the BC Forest Service has already reported 368 wildfires between April 1 and May 30, 96 per cent of which were caused by people. During the same time in 2008, there were 280 blazes. The province has spent \$5.93 million fighting fires so far, compared to \$3.29 million in the same period last spring, said Alyson Couch, provincial fire information officer with the BC Forest Service.

Two fires raged east and west of Prince Albert, SK, in the past week, burning more than 500 hectares of forest and threatening residential property and a mine site. There were 166 people either fighting or patrolling forest fires in Saskatchewan, and 11 helicopters, 12 tanker aircraft, and 10 bulldozers are in use battling the blazes. The province is dealing with a more active-than-usual fire season this year. There have been 252 forest fires so far this spring, compared to 192 by this time last year, and the 10-year average of 171 by this date. [READ MORE](#)

European Pulp and Wood Chip Prices

Mercer International, Canfor Pulp, and Finland's Oy Metsä-Botnia have separately announced that their June 1 list prices in Europe for northern bleached softwood kraft (NBSK) pulp will be US\$630 per tonne, up \$30/tonne from the May 1 list price.

According to PPPC, market pulp shipments in North America were down 26 per cent in April, compared to one year ago, and down 22.5 per cent from January 1 to April 30, 2009. FOEX.fi reported this week that market pulp stocks in Europe were down to eight days supply, which has helped producer efforts to raise prices. [READ MORE](#)

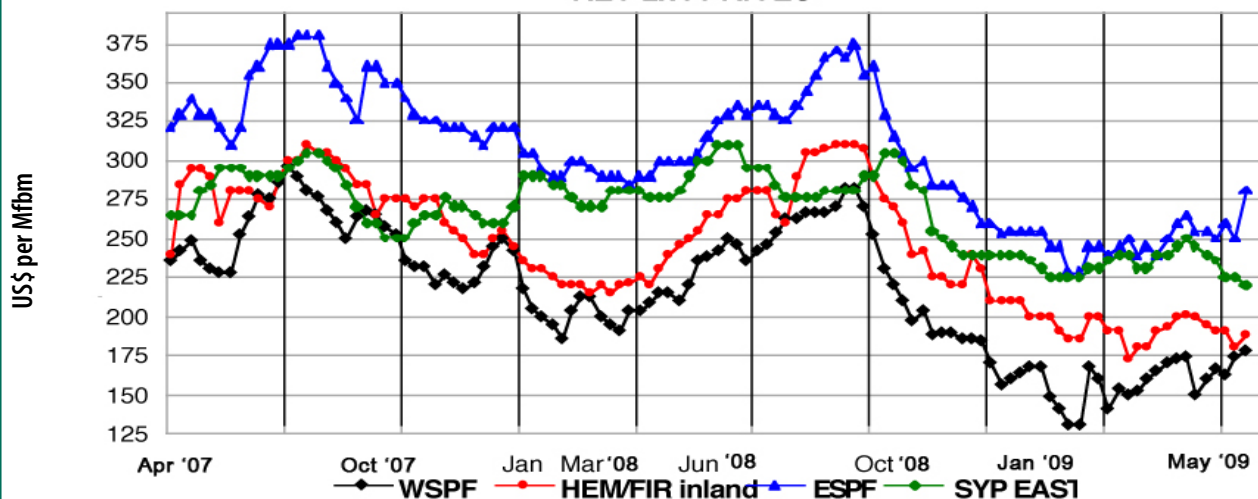
Bioelectricity from Forest Residue

Rapid developments in processing technology for making green gasoline from biomass residue are about to be overtaken by another green energy from the same source.

Regular coal burners and boilers can easily combust non-commercial wood residuals for heating, or to run steam turbines to generate electricity. In addition to being carbon-neutral and reducing greenhouse gas emissions, forest residues are very cost competitive to coal.

A new study of the marginal agricultural land base globally demonstrates that wood biomass as a fuel source is sustainable into the distant future. [READ MORE](#)

KEY 2x4 PRICES



Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	178	174	+4	160	+18	246	-68
WSPF KD R/L 2x6	168	160	+8	146	+22	232	-64
WSPF KD R/L 2x8	172	166	+6	164	+8	236	-64
WSPF KD R/L 2x10	195	185	+10	180	+15	265	-70
WSPF KD PET 2x4 Stud	190	180	+10	170	+20	245	-55
Douglas Fir Green R/L 2x4	142	138	+4	140	+2	218	-76
Douglas Fir Green R/L 2x10	192	177	+15	183	+9	200	-8
ESPF KD 2x4 8ft Stud	260	240	-20	235	+25	315	-55
OSB Ontario 7/16" (CDN\$)	195	195	0	195	0	205	-10

Weekly News

Wood Chips and Pulp

CONTINUED The latest price increase announcements provided support for previous announcements by Canadian NBSK producers Domtar Corp. and West Fraser Timber Co.

Wood Resources Quarterly reported this week that the competition for wood raw-material in Europe has been intensifying the past few years as sawmills, wood-panel manufacturers, pulpmills and bio-energy facilities expanded capacity during 2006 and 2007, therefore increasing the usage of roundwood and wood residues.

The increased demand for biomass from the energy sector has not only had an impact on prices of residual chips from sawmills but also of small-diameter logs, which have increasingly been utilized for energy generation.

With the energy sector emerging as a new and aggressive market player, floor prices for wood chips and pulplogs are not expected to ever return to the low levels of the late 1990's again. The increased

competition for raw-material between the biomass sector, the composite board manufacturers and the pulp industry will result in relatively high fibre costs even in weak markets for forest products in the future.

Forest Fire Season

CONTINUED In BC, an 800-hectare fire burned in the Tyaughton Lake area, about 65 kilometres west of Lillooet, which is north of Whistler. About 50 fire fighters and five helicopters were dispatched Monday to the fire, which was burning close to the community of Gold Bridge.

On Vancouver Island, the Parksville-based Coastal Fire Centre has already seen about double the fires they normally see at this time of year, with 55 to date. People caused 41 of the fires.

A dry spring across much of southern and central Alberta could mean the province's forests face a higher fire risk than normal this summer.

So far this year in Alberta, more than 600 wildfires have burned through 1,640 hectares, slightly more than normal. A number of prescribed fires are burning to help reduce the spread of the mountain pine beetle and the threat of accidental blazes.

Two firefighting crews from BC's Rappattack program have been deployed to central Alaska to help manage increasing wildfire activity, according to the BC Ministry of Forests. Six firefighters and a helicopter technician will arrive in the city of Tok, AK, followed by one medium helicopter tomorrow. The crews and equipment are expected to stay for 14 days.

Seven of B.C.'s initial attack crews have been deployed to the Yukon Territory to help manage anticipated fire start. Twenty-one fire fighters and one agency representative will arrive in the city of Whitehorse this afternoon, and are expected to stay for 10 days.

Domtar Pulp Mill to Convert to Ethanol Plant

A pulp mill in northern Saskatchewan that has been shut down for three years could be redeveloped into a bioenergy plant. The facility in Prince Albert would convert cereal straw into ethanol to be used as fuel.

Energy Minister Bill Boyd says the government has signed a letter of intent with Iogen Energy that could see it buy parts of the mill from Domtar.

The project would also include a partnership with Royal Dutch Shell for a "green" power plant producing electricity from forest and ethanol plant residues. Iogen and Shell are to make a final decision on the multimillion-dollar project after a feasibility study is done.

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Bioelectricity

From Forest Residue

The latest exciting development in generating revenue from biomass left behind at logging operations is bioelectricity. Not

by Kéta Kosman

a new technology or process by any means, there have, however been some new studies released on land mass availability and the long term sustainability of bioelectricity in the US and Europe. Industry is very interested to know the viability of fibre supply into the future in order to plan projects.

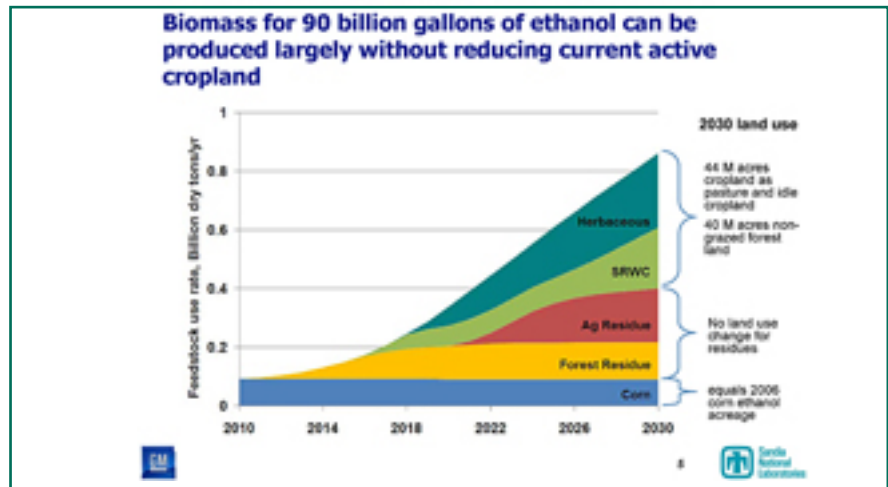
The process involves adding wood residue to coal in existing burners to generate electricity, much of which is expected to be used in the transportation sector, according to a new study out of the University of California. The issues of green house gas emissions and carbon neutrality also make a good case for using more wood residue and less coal, generally considered a "dirty fuel" source.

The reality that expanding the use of biomass beyond the traditional wood products industry will result in more trees being planted, which will in turn absorb more carbon, is leading researchers and industry to pursue this new field with heightened interest. Several large energy companies in Europe and the US are already adding wood residue to their coal burners, including Vattenfall AB of Sweden, Germany's RWE AG, and American Electric Power Inc. of Ohio, the biggest coal-burner in the US. Using biomass for power and heat grew by 25 per cent during the past two decades, according to the International Energy Agency.

Chips from wood stumps and branches, heated to 400 degrees Celsius, are as efficient as coal and cheaper. Current costs are about \$64 a ton for ARA Steam Coal and \$63 for a barrel of oil, which is expected to rise, according to Dresdner Kleinwort. In fact, biomass and wood contribute more primary energy in Europe than wind, solar or hydropower, the United Nations Economic Council for Europe says.

Madison's spoke to Elliott Campbell, Assistant Professor of Engineering at the University of California, about his brand new study published at ScienceMag.org in May 2009. Campbell explained that "the cost of cellulosic ethanol are still emerging, it is expensive to produce and not efficient [in terms of greenhouse gas emissions]." Meanwhile, the "costs of biomass electricity are well known." All that a regular coal burner or boiler needs is a fluidized bed (a system that blows air to move the burning materials around) in order to also burn wood residue.

Campbell's study focussed on "how much marginal agricultural land globally



could be used to grow grasses and short rotation trees" as feedstock for bioelectricity. While it's true that the land base available is relatively small in terms of future energy demand, if managed properly there is enough to make the bioelectricity sector financially viable long into the future. Campbell expects most of the electricity from biomass to be used in transportation, namely electric - or at least hybrid - vehicles. Campbell's study states that "bioelectricity produces an average of 81 per cent more transportation kilometers and 108 per cent more emissions offsets per unit area of cropland than does cellulosic ethanol."

A different research team, lead by John Ohlrogge, Professor of Plant Biology at Michigan State University, also published a study in May of 2009 - this time in Science Magazine - that states that "a major effort has begun to develop alternative feedstocks for ethanol (or other liquid fuels) by using crop residues, forest by-products, perennial grasses, and other forms of plant biomass that are collectively termed 'lignocellulosics'." Citing Campbell, Ohlrogge goes on to say, "Burning biomass in power plants to produce electricity for battery-driven vehicles captures more biomass energy and provides more vehicle miles than converting it to ethanol or other fermentation products for vehicles."

While on the subject of lignocellulosics, a patent filed in Europe on April 1, 2009 describes a new process which results in a "reduction in the cost of steam and equipment, [and] limits the degradation of desirable sugars". The invention essentially reduces the cost and time involved in getting liquid fuel from woody biomass.

These recent advancements are being noticed and promoted around the world. A press release from the US Department of Energy on May 05, 2009 announced nearly \$800 million from the Recovery Act to accelerate biofuels research and commercialization. Not to be outdone, the Energy Research Agency of Texas

recently announced the discovery of "a process to make converting biomass to high-octane gasoline possible. [. . .] Additionally, the cost of such a conversion would lie between \$1.70 and \$2.00 per gallon excluding all government subsidies and tax credits."

Application of new processes and new uses of wood biomass as feedstock in Europe is moving forward even more quickly, where strict regulations and carbon penalties will soon come into effect. In its 7th Total Funding Framework, the EU is dedicating over 32 million Euro of the 53 billion Euro budget for "collaborative research on Energy from Food, Agriculture and Fishery and Biotechnology." On March 17, 2009 Jeff Skeer, Chair of APEC Biofuels Task Force made a presentation to the 2009 Biofuels Conference in Washington, DC, outlining plans for "Biofuels Participation in the Asia Pacific".

Industry examples include Range Fuels, Inc. of Broomfield, CO, which is building a facility in Soperton, GA, that will use "125 dry short tons per day of biomass comprised of unmerchantable timber and forest residues" to produce "1.87 million gallons per year, which is 935,000 gallons of ethanol and 935,000 gallons of methanol."

Here in Canada, on March 06, 2009 Tembec founder Frank Dottori was named managing director of GreenField Ethanol's "cellulosic ethanol" division, that is working on ways to produce and sell ethanol made from wood products. His new job will be to commercialize cellulosic ethanol in Canada.

As previously stated in *Madison's*, there are so many new developments in getting fuel from biomass, which just two short years ago was referred to as wood waste, that it is difficult to keep up. Now is a good time for timber harvesters and lumber producers alike to find inexpensive ways to bring their slash roadside, because, sooner rather than later, companies will be lining up to pay handsomely for it.