

# Heating Matters

## The Industry Struggles to Adjust to Fewer Mills, Lower Demand for Wood



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Across the northeastern U.S. and elsewhere around much of the country, markets for low grade wood resources have fallen off dramatically. In this context, “low grade” is used to describe wood feedstocks that have few if any higher value markets.

Here in the northeast, this generally means roundwood chips used for pulp, energy or pellet feedstock, sawmill residues used for pulp or pellet feedstock, and firewood.

The forestry trade press has reported widely on the decline in pulp and biomass energy markets, estimated to have dropped some 4 million tons in the last few years alone across northern New England and New York. Some of this decline is cyclical and will return. Some of it reflects a fundamental change in how we use wood and will not return.

The practice of sustainable forestry is absolutely dependent on these markets. Strong demand and high prices will probably always be there for high quality veneer and sawlogs to make premium lumber, but if these are the only products that have markets, what stays behind in

the woods after harvest? That’s right: the poorer quality, misshapen or unhealthy trees that otherwise have no markets. They become the future forest.

The pulpwood and energy chips from logging residuals, while low in value, are often 70% or more of harvest volume. The money is in the premium logs, but steady markets for low grade are what drive productive and scientifically responsible forestry operations.

Years ago this was a tough concept to get across to lawmakers during debates about renewable biomass energy policy. But that’s changing. In Maine, New Hampshire, Vermont, New York and elsewhere, opinion leaders are beginning to understand that without robust markets for low grade wood, forestry is threatened as a viable land use. Without timber harvest to generate income for landowners, they are forced to consider alternatives to forest ownership and management. That usually means subdivision, fragmentation and development.



The values society places on our forests – wildlife habitat, clean water, recreation, carbon storage and wood products - depend on their remaining as forests. That's why esteemed organizations such as The Nature Conservancy and, closer to home, the Society for the Protection of NH Forests and New York Audubon have been preaching the value and importance of productive forestry for decades. They know that good markets mean good forestry, and good forestry means healthy forests that stay productive and undeveloped.

Lawmakers are beginning to realize the public interest in biomass energy policy is about much more than renewable electricity and heat displacing demand for high carbon, non-renewable fossil fuels. The value of productive healthy forests is incalculable to society. Policies that support these markets sometimes come with a cost to taxpayers or ratepayers, such as state renewable portfolio standards or federal tax credits. But the economic, social and environmental benefits far outweigh the costs. This message is finally resonating with our elected officials, and it's high time. Improved markets will return for low grade wood, but in the meantime, the public interest in keeping our forests as forests is well served by these policies.

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