

Senator Baucus and Senator Grassley:

I work for Domtar Paper Company, one of the largest pulp and paper manufacturers in North America. Domtar asks for your support in preserving the current Alternative Fuel Mixture Credit until the end of the year when it is set to expire.

Our mills fulfill over 70 percent of our power needs from burning black liquor. Black liquor is liquid biomass, a wholly organic residual of the wood pulping process. Understanding that biomass is a finite resource and in keeping with our commitment to stewardship and sustainability, we utilize the resource very efficiently. The power that we generate from black liquor is power that would otherwise have to be sourced from the grid—power that would be largely derived from fossil fuel.

The pulp and paper industry far outpaces other industries in the production and use of renewable power. However, until now we have largely been unable to take advantage of incentives for renewable power. Currently, restrictions exist in the Section 45 renewable electricity tax credit which disqualify renewable biomass power that is generated and consumed on site—a practice we employ here at Domtar. Meanwhile, those that compete with us for wood fiber, such as independent power producers and facilities that make cellulosic transportation fuels, benefit fully from Section 45 and other production tax incentives.

We view the alternative mixture credit as helping to level the playing field while providing a needed boost to our mill—a mill that sustains good paying jobs in a rural community that depends on these jobs to drive economic activity in the area. This tax credit has been a critical lifeline for our mill in the midst of what everyone—economists, politicians and mill workers--agrees are extraordinarily dire economic conditions.

Biomass power is both renewable and carbon neutral, attributes that have been officially recognized and credited under the Regional Greenhouse Gas initiative and in Washington State's landmark climate change law. Current climate change legislation being considered by Congress also recognizes the benefits of biomass.

Our industry has shown leadership in the area of biomass utilization for generations. This credit and other policies that provide incentives for our industry's use of biomass as a fuel source will enable our mill to continue our best practices, continue to innovate and continue to lead the way in the area of renewable energy.

Thank you for your consideration and support.

---Ned Kearns