

Each of our mills fulfills over 70% of our power needs from burning black liquor -- a residual of the pulping process comprised of lignin, the organic "glue" or liquid biomass that binds wood fibers together.

The pulp and paper industry far outpaces all other industries in production and use of renewable power. However, until now we have largely been unable to take advantage of incentives for renewable power. Presently, 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. Still, 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. Is it not time we were able to share in this incentive?

We view the alternative mixture credit as helping to level the playing field while providing a needed boost to our mill, one 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.

How many other industries can say that they recycle as much at their mills as we do? Lignin is the glue that binds wood fibers together. This becomes a residual after wood is subjected to the pulping process. It is a pure form of renewable energy that is coveted by our operations for its high BTU content. It is wood lignin that makes black liquor such a rich source of energy. This high BTU liquid biomass is burned to generate power to run our mill. Understanding that biomass is a finite resource and in keeping with our commitment to stewardship and sustainability, we utilize the resource very efficiently. At our mill, we deploy combined heat and power systems which capture the heat that would otherwise be lost to the atmosphere. We use this heat for space heating and cooling, for drying applications and other uses in the mill, not utilizing as much of outside energy as other industries.

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.

Have a Great Day,

Susan Knox
Sales/Service Representative

Domtar Paper Company, LLC
Midwest Region