

Alternative Fuel Mixture Credit Talking Points

- We ask your support in preserving the current Alternative Fuel Mixture Credit until the end of the year when it is set to expire.
- This credit, which was designed to incentivize production of fish oil—a substance very similar in makeup to black liquor—is critical for maintaining our facility’s viability in this extraordinarily challenging economic environment.
- Our mill fulfills over 70 percent 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 every other industry in 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 millworkers--agrees are extraordinarily dire economic conditions.
- Black liquor is liquid biomass—a wholly organic substance that resembles thick molasses and which is comprised of the lignin found in trees.

- Lignin is the glue that binds wood fibers together. This glue 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.
- We burn this high BTU value liquid biomass 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. By fully utilizing our biomass inputs, we are able to fulfill most of the power requirements at the mill. This is power that would otherwise have to be sourced from the grid—power that would be largely derived from fossil fuel.
- Biomass power has the 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.