



**Forisk News:** July 18, 2013

Archives available at: <http://www.forisk.com/News-v-38.html>

Subject line: Forisk News: Wood Bioenergy – Forest Certification – Timber Market Analysis

**Wood Bioenergy:** The current issue of [\*Wood Bioenergy US \(WBUS\)\*](#) includes Part II of the update on U.S. wood biofuels markets and projects. Part I ([\*WBUS, April 2013\*](#)) emphasized the status and development of wood biofuels projects since Q1 2011. Part II evaluates the filings of publicly-traded biofuels stocks. Key findings reinforce previous conclusions that U.S. wood-based biofuel markets remain speculative. Larger public firms continue to marginalize their wood biofuel investments, while smaller firms continue to tuck away from cellulosic ethanol and focus on product-ready markets. Wood biofuels projects depend on continued access to government financing and mandates. The private sector has largely turned its back on wood biofuels as Wall Street stiff-armed the surviving, biofuel-dependent publicly-traded firms, as evidenced by declining returns. Firms with diversified project portfolios and minimal exposure to wood biofuels – such as Honeywell, Rentech and Valero – prospered from January 1, 2011 through Q2 2013. By contrast, the stocks of two public firms tied to wood biofuels, KiOR and BlueFire Renewables, declined 62% and 96% over the same time frame. The *WBUS* feature article describes the status and financing of wood biofuels projects managed by public firms.

**As of July 2013, *WBUS* counts 459 announced and operating wood bioenergy projects in the U.S. with total, potential wood use of 128.6 million tons per year by 2023.** Based on Forisk analysis, 296 projects representing potential wood use of 78.5 million tons per year pass basic viability screening.

- To learn about project-by-project tracking and market analysis, see [\*Wood Bioenergy US\*](#).
- To download the free *WBUS* summary, click [here](#).

**Forest Certification:** What should forestland owners know about forest certification in the U.S.? Recently published research highlights the inconsistent implementation and varying operational impacts across U.S.-based forest certification programs. The American Consumer Institute published “[\*Comparing Forest Certification Standards in the U.S.: How Are They Being Implemented Today?\*](#)” with nearly two dozen interviews with timberland owners, managers, and auditors. Findings indicate that forest owners and certification auditors have wide latitude to design and interpret management plans that broadly satisfy forest certification objectives. EconoSTATS at George Mason University, in “[\*Comparing Forest Certification Standards in the U.S.: Economic Analysis and Practical Considerations\*](#)” by Brooks Mendell and Amanda Lang at Forisk, modeled operational and economic implications to timberland owners in Arkansas and Oregon from implementing four forest certification scenarios. The scenarios comprise criteria from ATFS, FSC and SFI related to clear cut size, land set-asides, adjacency (“green-up”) and streamside management zones. Findings indicate certain FSC scenarios can significantly reduce economic returns to landowners primarily through reducing acres available for timber harvesting.

- A Forisk Blog post summarizing the above research can be found [here](#).

**Timber Market Analysis:** In May and June, while conducting research on forest industry data sets, we featured posts related to wood supply agreements and the evaluation of timber markets:



- [Wood Supply Agreements, Part I: Pricing Mechanisms and Market Analyses](#)
- [Wood Supply Agreements, Part II: Basic Principles for Transfer Price Calculations](#)
- [Data Sources for Analyzing Timber Markets in the U.S.](#)
- [Assessing Mill Risk when Analyzing Timber Markets and Wood Baskets](#)

*Early registration ends July 29<sup>th</sup> for “**Timber Market Analysis**” on August 12th in Atlanta, a one-day course for anyone who wants a step-by-step process to understand, track, and analyze the price, demand, supply, and competitive dynamics of timber markets and wood baskets. For more information, click [here](#).*

#### **Forisk Updates and Upcoming Presentations:**

- Forisk is now accepting applications for a Market Analyst position.
  - Click [here](#) to download the job description and qualifications.
- In June, Forisk Press published *Forest Finance Simplified, 4<sup>th</sup> Edition*, which is available at [Forisk](#) or [Amazon](#).
- July 28-30: "[Limits to Growth: Wood Pellet Production in the U.S.](#)", presentation at the Pellet Fuels Institute Annual Conference, Asheville, NC
- August 5: “Wood Demand From Industry and Bioenergy Markets” presentation at Georgia SAF Meeting, Valdosta, GA
- September 19: “Accounting for Inflation in Timber Forecasts and Timberland Return Expectations” presentation at World Forestry Center, Portland, OR

*Forisk provides research and educational services to executives and analysts making decisions related to timber REITs, timberlands, and wood-using energy and manufacturing facilities.*