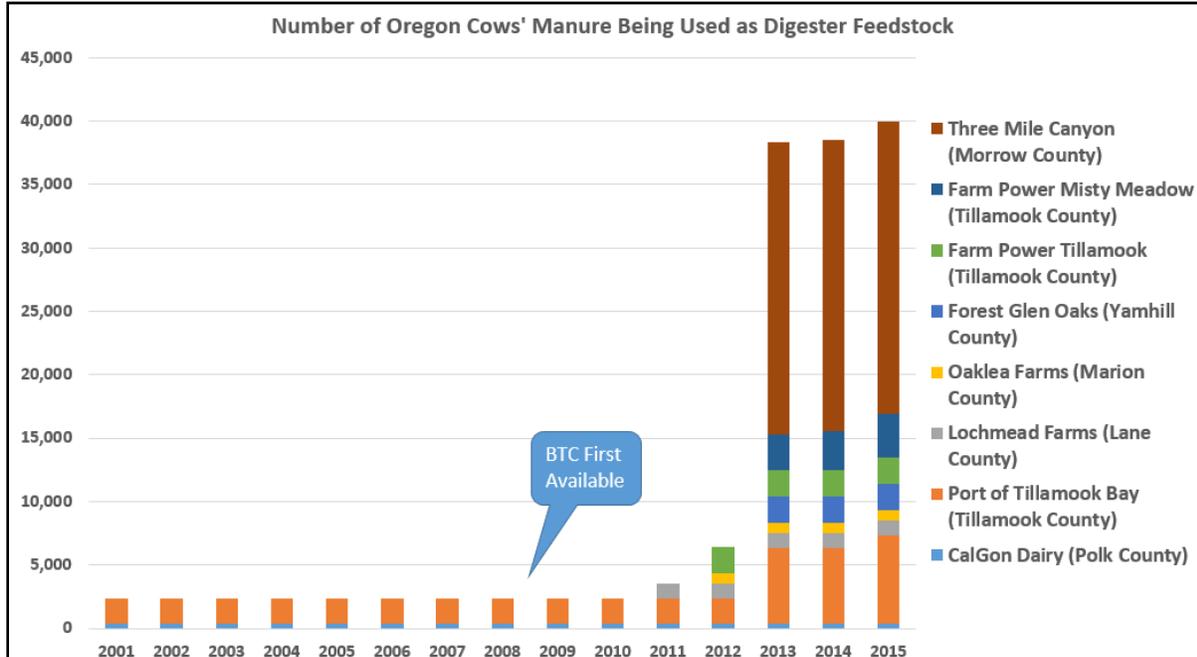


Farm Power Tillamook LLC

www.farmpower.com

My name is Daryl Maas and I am the CEO of Farm Power Tillamook LLC. Our company is a developer and operator of anaerobic manure digesters, which process dairy manure to create renewable energy and other environmental benefits. I am writing to oppose passage of HB-2853, which will eliminate the Biomass Tax Credit for new manure digesters.

The Biomass Tax Credit (BTC) has been highly effective at encouraging the growth of Oregon's biogas industry while supporting dairy farming. Since the passage of the BTC, Oregon Dairy farms have invested in systems that convert the manure of over 38,000 milk cows into renewable energy. The Biomass Tax Credit was a major reason my company moved to Oregon and invested a total of over \$9,000,000, where we currently employ 4 workers and support operations on 9 separate dairy farms with approximately 50 employees.



Processing animal manure via anaerobic digestion creates energy, economic development, and environmental benefits to Oregon that greatly exceed the tax-credit costs. The annual economic output from Oregon's fleet of eight existing manure digesters creates approximately \$15,000,000 in value for the state, including:

- Over \$5 million of renewable electricity
- Up to \$2 million in fiber sales or savings
- About \$1 million in direct operational payroll
- Almost \$2 million of marketable greenhouse gas offsets.

The current Biomass Tax Credit is paid based on performance in actually digesting manure for energy, at a rate of \$3.50 ton of manure delivered to a digester. This rate provides about \$90

per cow per year. The current Biomass Tax Credit rate for manure was already reduced by the Legislature by 30% in 2015 via SB-1507. This reduction has saved the taxpayers \$2M per year over current policy, while still creating an incentive for further investment in Oregon manure-to-energy projects.

The proposed HB-2853 will completely eliminate the Biomass Tax Credit for new digesters. Without the BTC incentive, the simple payback on a manure digester is over twenty years--longer than available electricity contracts and too long to finance. The existing Biomass Tax Credit keeps the payback to approximately fifteen years, matching the length of electricity Power Purchase Agreement and making new projects much more likely. Farmers have shown they will invest in this technology and create energy from waste, if the proper long-term incentives are in place. Without such incentives, famers will not invest in new digesters.

HB-2853 does not save the state any money on Biomass Tax Credits currently obligated. Rather, the bill removes any remaining incentive for Oregon dairy farmers to invest private money in building new projects.

In conclusion, we ask the Legislature to not pass HB-2853. We believe the lower rates approved by the Legislature in 2015 (SB-1507) are appropriate to encourage new construction, while saving 30% over prior rates. Removing the program altogether simply kills the industry.

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