

Forest Residue Assessment and Market Enhancement

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California's Wildfire Resilience Strategy: 2025 Key Deliverables

Since 2021, Task Force agencies have invested nearly \$6 billion in forest health and wildfire resilience projects, increased treatments to more than 700,000 acres annually (including doubling prescribed fire acreage), streamlined project approvals, and invested over \$140 million in building capacity for local and regional collaborative efforts.

The 2025 Key Deliverables outline the highest priority actions underway this year to achieve the commitments in the 2021 Action Plan while advancing key new initiatives that will feature in the forthcoming Action Plan update later this year.



- Draft governance structures, entity action plans, long-term objectives, feedstock acquisition strategies, and financing models.
- Create foundational documents for new public entities/PPPs to mobilize biomass.
- Modify existing entity documents to enable biomass mobilization for member agencies.
- Develop insurance frameworks for reliable long-term biomass supply contracts.
- Conduct Bioeconomy Development Opportunity Zone studies evaluating business viability, workforce readiness, and infrastructure needs.
- Enable counties, cities, water/fire districts, and conservation groups to drive regional biomass projects.
- Establish long-term financing mechanisms for public entities.
- Support enhancements to OPR's Digital Marketplace for forest biomass transactions.

Biomass Utilization Workshop outcomes in other regions

Several workshops across Northern California have been held, with several of the existing JPA and new JPA entities determining that working together is a good thing for all involved.



One important take away from the workshop was this program should leverage existing activities like Jobs First and existing relationships with the US Forest service; to ensure efforts are not duplicated.



Deepening Federal Partnerships:

Strengthening working relationships with federal partners, including utilizing Good Neighbor Authority (GNA) agreements to facilitate cross-boundary forest management and biomass removal



Business Support:

Developing mechanisms to support existing and new businesses in the biomass sector, with particular emphasis on establishing contract guarantee funds for operators in this space



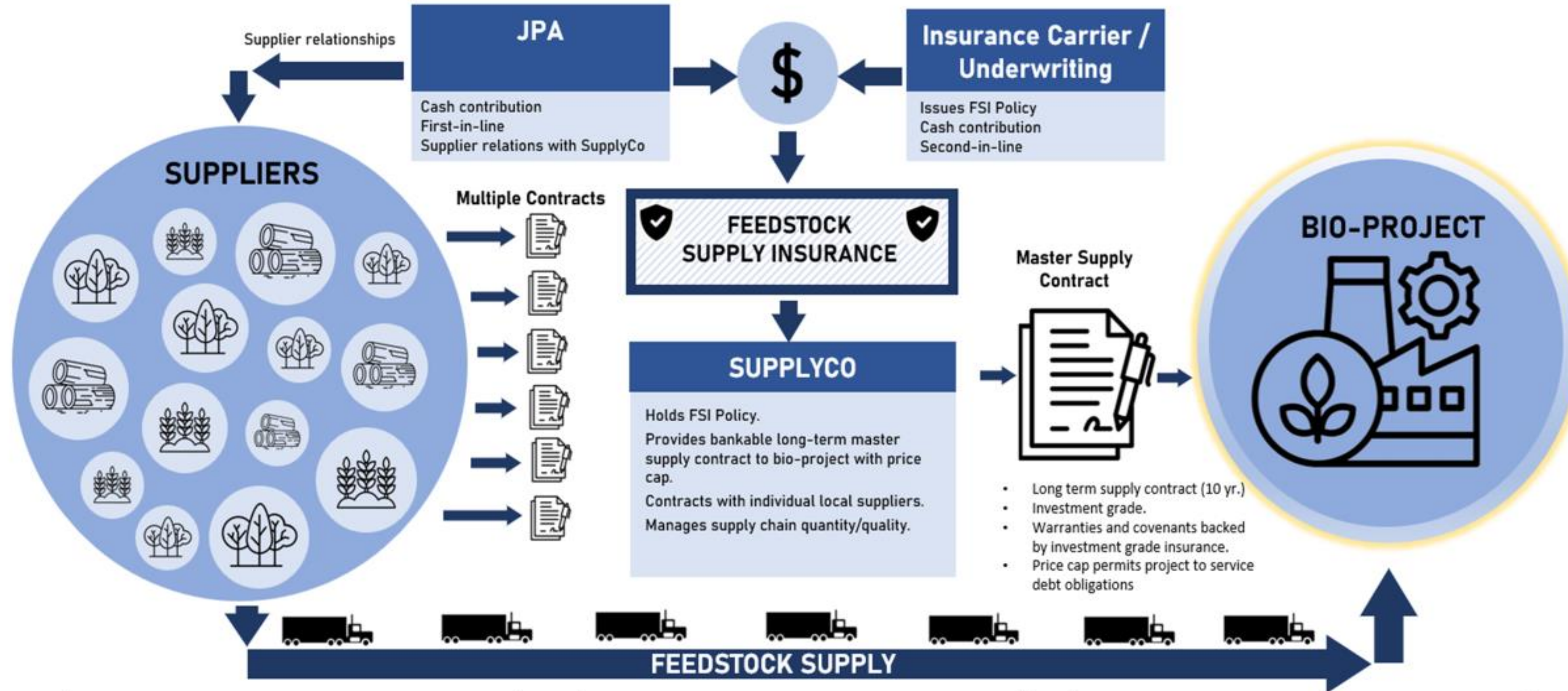
Regional Collaboration:

Building a unified regional voice on biomass utilization issues and identifying new funding sources for implementation work



Economic Development:

Focusing on economic and workforce development to ensure sustainable growth in this sector



- Many small/medium size non-investment grade suppliers.
- Various contract lengths including spot.
- Firm supply contracts before financial close are difficult to obtain.
- Multiple supply contracts with no recourse make bio-project financing difficult.

- SupplyCo works with JPA to develop and contract with local suppliers.
- SupplyCo issues Master Supply Contract *before* financial close and with price cap on delivered feedstock cost.
- Master Supply Contract covenants are backed by FSI/investment credit.

- Securing capital is faster, easier and less expensive.
- Bankable supply chain decreases project debt cost by 150 – 300 bpts.
- More bio-projects built in California.

PART ONE: LONG-TERM FEEDSTOCK CONTRACTS AND RISK MITIGATION

Key Components

- Multi-year supply agreements
- Specified quantity, quality, and pricing terms
- Provisions for quantity/price adjustments



Mitigation

- Feedstock Supply Insurance (Caps Feedstock costs and secures long-term debt repayment obligations)
- Surety bonds (Guarantees contractual obligations will be met)
- Guarantee funds (provides financial backstop for supply agreements)

Benefits

- Enhances project bankability
- Transfers risk to insurance markets
- Facilitates access to capital
- Accelerates bioenergy project development



PART 2: JPA MANAGEMENT OF CONTRACTS FOR BIOMASS UTILIZATION

Associated Funding

Manage federal funds allocated for GNA projects

Leverage additional state and local financial resources

Coordinate multi-year budgeting for long-term projects

Contract Management

Issue RFPs and select qualified contractors

Ensure compliance with federal, state, and local regulations

Monitor project progress and contractor performance

Financial Administration


Track project expenses and revenues from biomass sales

Manage cash flow and distribute payments to contractors

Reinvest proceeds into further forest management activities



PART 3: ATTRACT AND ADMINISTER FUNDING

- Funding is expected from government sources
 - Many private funding sources are attracted to transparency and public accountability of JPA, they also like regional (large geographic area) of funding
 - Philanthropic and foundations could put funding with the JPA
 - Large federal grants could also be pursued
 - A nonprofit subsidiary or a public benefit corporation development along side the JPA might be attractive possibility
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ESCOG Next Steps

- 1.The ESCOG Board should express interest in future funding. Following board approval, ESCOG staff and the state subcontractors (CLERE Inc. and Stacy Corless Consulting) should work together to host important local conversations.
- 2.The team will focus on positioning the CSEDD pilot within various state processes, if possible, to secure timely funding allocation.
3. By the fall the ESCOG Board can consider communicating a more formal interest in receiving the funding associated with this work.



State Funding Commitment

- The Governor's Office of Climate and Land Use Innovation (LCI) is seeking funding pathways of \$1-3 million for each pilot program participating in the regional biomass initiative.
- This funding approach aligns with the Task Force's broader investment strategy, which has already directed billions toward forest health and wildfire resilience projects since 2021.
- The Taskforce has indicated support for finding funding for all key deliverables.
- There are other funding pathways, if needed.
- The funding will support implementation of regional biomass utilization strategies, including infrastructure development, business support services, and coordination mechanisms.

The expected timeline for funding disbursement ranges from July 2026 to summer 2027, allowing sufficient time for planning and preparation of program components.

Questions?

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