



Independent Statistics & Analysis
U.S. Energy Information
Administration

Assistant Administrator for Energy Statistics Office of Electricity, Renewables & Uranium Statistics

Supporting Statement for Survey Clearance: Densified Biomass Fuel Report

Part A: Justification

OMB Number 1905-NEW

FORM EIA-63C, Densified Biomass Fuel Report

Original Date: September 2014



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INTRODUCTION

The U.S. Energy Information Administration (EIA) is the statistical and analytical agency within the U.S. Department of Energy (DOE). It collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding regarding energy and its interaction with the economy and the environment. The Office of Electricity, Renewables, and Uranium Statistics under the Assistant Administrator for Energy Statistics is proposing the collection discussed below as part of its comprehensive energy data program.

The information collection proposed in this supporting statement has been reviewed in light of applicable EIA information quality guidelines. EIA determined that the information would be collected, maintained, and used in a manner consistent with Office of Management and Budget (OMB), DOE, and EIA information quality guidelines.

On December 31, 2014, a Federal Register Notice (FRN) was published for EIA to receive comments regarding a three-year clearance for the following survey form included in this information collection:

- Form EIA-63C, “Densified Biomass Fuel Report” (new survey)

The survey will collect data from facilities that manufacture densified biomass fuel products, primarily pellet fuels, for energy applications. The data to be collected will be a primary source of information for the nation’s growing production of biomass products for heating and electric power generation, for both domestic use and export markets. The Form EIA-63C survey will collect information on the manufacture, shipment, exports, energy characteristics, and sales of pellet fuels and other densified biomass fuel products, and will be the primary national source of information on these topics.

This data collection request is for a three-year clearance of the Densified Biomass Fuel Report (OMB Number to be assigned) and is to meet the following objectives:

- **Greater Coverage of Renewable Energy:** The proposed survey will enhance coverage of the use of biomass for energy applications such as heating and power generation. The survey will collect information on the characteristics of the pellet fuel industry including manufacturing capacity, export and domestic sales, and production of densified biomass fuel products.
- **Meet a Demand for Information on the Consumption of Biomass for Energy:** Domestically, a number of states have implemented or plan to implement incentives to replace fossil fuels with renewable energy sources for heating, cooling, and electric power generation. Additionally, European and Asian markets for pellet fuels for electric power generation are growing rapidly in response to the need to meet carbon reduction targets by replacing fossil with biomass for electric power generation.

A JUSTIFICATION

A.1 Legal Justification

The authority for this data collection is derived from the following provisions:

Section 13(b), 15 U.S.C. §772(b), of the Federal Energy Administration Act (FEA Act), Public Law 93-275, outlines the types of individuals subject to the data collection authority delegated to the Administrator and the general parameters of the type of data that can be required. Section 13(b) states:

“All persons owning or operating facilities or business premises who are engaged in any phase of energy supply or major energy consumption shall make available to the [Secretary] such information and periodic reports, records, documents, and other data relating to the purposes of this Act, including full identification of all data and projections as to source, time, and methodology of development, as the [Secretary] may prescribe by regulation or order as necessary or appropriate for the proper exercise of functions under this Act.”

The objectives of the FEA Act are set forth in Section 5(b), 15 U.S.C. §764(b), of the FEA Act, which states that the Secretary shall, to the extent (s)he is authorized by Section 5(a) of the FEA Act,

- “(1) advise the President and the Congress with respect to the establishment of a comprehensive national energy policy in relation to the energy matters for which the [Secretary] has responsibility, and, in coordination with the Secretary of State, the integration of domestic and foreign policies relating to energy resource management;
- (2) assess the adequacy of energy resources to meet demands in the immediate and longer range future for all sectors of the economy and for the general public;...
- (9) collect, evaluate, assemble, and analyze energy information on reserves, production, demand, and related economic data;
- (12) perform such other functions as may be prescribed by law.”

As the authority for invoking Section 5(b) above, Section 5(a), and 15 U.S.C. §764(a), of the FEA Act in turn states:

“Subject to the provisions and procedures set forth in this Act, the [Secretary] shall be responsible for such actions as are taken to assure that adequate provision is made to meet the energy needs of the Nation. To that end, he shall make such plans and direct and conduct such programs related to the production, conservation, use, control, distribution, rationing, and allocation of all forms of energy as are appropriate in connection with only those authorities or functions:

- (1) specifically transferred to or vested in him by or pursuant to this Act;
- (3) otherwise specifically vested in the [Secretary] by the Congress.”

Authority for invoking Section 5(a) of the FEA Act is provided by Section 52, 15 U.S.C. §790(a) and (b), of the FEA Act, which states that:

“(a) the Administrator of the EIA shall establish a National Energy Information System... [which] shall contain such information as is required to provide a description of and facilitate analysis of energy supply and consumption...

(b) the System shall contain such energy information as is necessary to carry out the Administration's statistical and forecasting activities..., and such energy information as is required to define and permit analysis of:

(1) the institutional structure of the energy supply system, including patterns of ownership and control of mineral fuel and non-mineral energy resources and the production, distribution, and marketing of mineral fuels and electricity;

(2) the consumption of mineral fuels, non-mineral energy resources, and electricity by such classes, sectors, and regions as may be appropriate for the purposes of this Act;

(3) the sensitivity of energy resource reserves, exploration, development, production, transportation, and consumption to economic factors, environmental constraints, technological improvements, and substitutability of alternate energy sources; . . .

(5) the industrial, labor, and regional impacts of changes and patterns of energy supply and consumption . . .”

The DOE Organization Act provides additional authority for this collection. 42 U.S.C. §7135 states:

“The Administrator shall be responsible for carrying out a central, comprehensive, and unified energy data and information program which will collect, evaluate, assemble, analyze, and disseminate data and information which is relevant to energy resource reserves, energy production, demand, and technology, and related economic and statistical information, or which is relevant to the adequacy of energy resources to meet demands in the near and longer term future for the Nation’s economic and social needs.

Information collected by the Energy Information Administration shall be cataloged and, upon request, any such information shall be promptly made available to the public in a form and manner easily adaptable for public use, except that this subsection shall not require disclosure of matters exempted from mandatory disclosure”

A.2 Needs and Uses of Data

A.2.1 Overview of Needs and Uses of Data

EIA will use the data collected on the Densified Biomass Fuel Report to answer queries from the U.S. Congress, other federal and state agencies, the pellet fuel industry, and the general public; and as input to the National Energy Modeling System (NEMS) and to EIA’s other forecasting and analytical activities. Other users of the data include policy makers, regulators, energy market analysts, academia, and the renewable energy industries.

Information on the densified biomass industry by states and the pellet fuel industry is minimal and what does exist is confined to a few individual states. EIA will meet a gap in the biomass energy industry, which lacks comprehensive and comparable data across all states and regions. EIA met with representatives of the pellet fuel industry and several large producers of pellet fuels for both domestic and export markets. The participants attending the meetings fully supported and verified the need for

information about a growing energy source and its current lack of information. Several New England states have expressed confidence in and the desire to rely on EIA for biomass energy consumption information. In the absence of a centralized and public data collection by EIA, each state would have to undertake its own data collection effort, and in many cases request duplicative information from firms with operations that cross state lines. The EIA data collection ensures consistent data at minimum cost to the public and respondents.

The data to be collected on this survey will be reported in Internet-based products and used in many EIA reports, including but not limited to:

- Annual Energy Outlook: <http://www.eia.gov/forecasts/aeo/er/>
- Short-Term Energy Outlook: <http://www.eia.gov/forecasts/steo/>
- Trends in Renewable Energy Consumption and Electricity: <http://www.eia.gov/renewable/annual/trends/>
- Monthly Energy Review: <http://www.eia.gov/totalenergy/data/monthly/>
- Annual Energy Review: <http://www.eia.gov/totalenergy/data/annual/>

Specific applications of the data collected by the surveys are discussed below in Section A.2.3.

A.2.2 Overview of Proposed Densified Biomass Fuel Data Collection

EIA data forms collect a wide range of information while seeking to minimize respondent burden and avoid duplicative data collection. The proposed form will be handled in the same manner. Data for this survey will be collected monthly from respondents with a production capacity of 10,000 tons per year or more. Limited data (Parts 1 and 2) will be collected from the remaining small respondents (those with under 10,000 tons per year capacity) on an annual basis.

Production and consumption of biomass fuel for heating follows seasonal patterns. Collection on a monthly basis will allow analysis of seasonal patterns which could not be captured from data collected less frequently. Cognitive interviews with potential respondents confirmed the seasonal nature of production and sales. Accounting records are kept on a monthly basis by most potential respondents making monthly data easily accessible for reporting.

An analysis of existing information on the production capacity of potential respondents indicated using 10,000 tons per year to define the cutoff criteria for small producers. At that level, about 90 percent of the industry activity will be captured in the monthly data collection, and the number of respondents would allow publication of aggregate data at a state or regional level. Raising the cutoff would not capture an adequate number of respondents in some regions or states to allow publication of meaningful data.

A.2.3 Individual Form Data Uses

The proposed survey in this clearance package will be a mandatory collection. A copy of the proposed form and instructions accompany this supporting statement.

Form EIA-63C, "Densified Biomass Fuel Report"

The mandatory Form EIA-63C will track pellet and other densified biomass fuel manufacture, sales, product types, exports, inventory, revenue, and related information. The data collected on this form will appear in various EIA publications. The data will be used by the U.S. Department of Energy, Congress, other government and non-government entities, academia, and the public to monitor the current status and trends of the densified biomass fuel industry and to evaluate the future of the industry. Data on this form are protected from public release in identifiable form.

A.3 Use of Technology

A.3.1 General Use of Technology

The EIA Densified Biomass Fuel Report will use an Internet-based data collection system established at EIA as the primary means of data collection. The majority of routine contact with respondents (e.g., notification that a survey has opened for a collection cycle) will be performed using email.

Internet data collection using the EIA's Data XChange Portal will allow respondents to upload a PDF transmittal sheet, enter data interactively using a web form, or conduct system to system transfers and constitute the primary collection modes for the survey. This system allows respondents to enter their data directly into the EIA survey database, which reduces the time needed for data collection and processing. The internet based system allows the use of pick lists to minimize respondent keying errors and provide consistent responses to standard and technical information. The system also identifies data that fail edits prior to submission, which allows respondents to make necessary corrections or explain unusual events impacting the reported data prior to submission. This data editing process reduces respondent burden by reducing the number of times a respondent must resubmit forms prior to acceptance by EIA. It also improves the timeliness of reporting the information to the public. The only equipment and software the respondent requires is a connection to the Internet and a standard industry web browser.

EIA will make the survey form and instructions available for printing or downloading from the [EIA website](#) for informational purposes.

A.4 Efforts to Reduce Duplication

In addition to EIA, several other government and private entities conduct biomass energy data collection, estimation, and/or publication programs. These entities include:

- Pellet Mill Institute
- Resource Information Systems, Inc. (RISI)
- USDA Forest Service
- States

EIA evaluated other sources of data relating to the densified biomass industry and has found no other source that can replace the survey in this package (see Table 1). This is because of differences in classification, inconsistency, incompleteness, unavailability, or lack of universal coverage.

Table 1. Non-EIA Pellet Fuel Data Collection Programs and Forms

Responsible Group	Form or Collection No.	Title	Notes
Pellet Mill Institute	N/A	RISI and PFI Pellet Industry Survey	Coverage of approximately 20% of the industry. Last survey was for 2012. Collected data on production, pricing, feedstock, and sales of pellet fuels.
RISI	N/A	RISI and PFI Pellet Industry Survey	Coverage of approximately 20% of the industry. Last survey was for 2012. Collected data on production, pricing, feedstock, and sales of pellet fuels.

A.5 Provisions for Reducing Burden on Small Businesses

Through its Internet data collection system, EIA pre-populates data elements for items that do not frequently change. This allows respondents (both large and small) to simply verify that the information has not changed, as opposed to entering the same information for each survey cycle. In addition, the Internet data collection system with its built-in edits has reduced the burden on businesses by reducing the call-backs to verify or correct questionable data.

A.6 Consequences of Less-Frequent Reporting

The monthly data to be collected on the Densified Biomass Fuel Report will be used to provide critical densified biomass fuel energy industry statistics on consumption for heating and electric power generation in the residential, commercial, industrial, and electric power sectors; the production of various densified biomass fuel types and their characteristics, market share, and distribution; domestic and export market sales and revenues; and manufacturing capacity.

Because there is currently no central or comprehensive source for densified biomass fuel production and consumption statistics in the residential and commercial sectors or export market sector, EIA is proposing the new Form EIA-63C. The data collection will provide a basic measure of the status and magnitude of densified biomass fuel manufacture and consumption to monitor this growing energy sector and provide reports on the densified biomass fuel industry to the U.S. Congress, federal and state agencies, and the public on an industry that is a growing part of the economy. In addition, this collection will provide a service to state governments and alleviate the need to place a larger burden on state governments to collect and process similar data and on the industry to provide its information to more than one data collection agency.

A.7 Compliance with 5 CFR 1320.5

The data for the collection instruments in this proposal are being collected consistent with the guidelines in 5 C.F.R. 1320.5 (Controlling Paperwork Burdens On the Public – General Requirements).

A.8 Summary of Consultations Outside of the Agency

Prior to the first Federal Register Notice (FRN) published on December 31, 2014, EIA consulted with stakeholders in the densified biomass fuel industry (trade associations, state energy and environmental offices, federal agencies, academics, national laboratories, and other interested organizations) regarding the proposed data collection.

The consultations for this proposed survey took place in the summer of 2014. EIA established a schedule of topic-oriented meetings that interested parties could attend either in person or through Internet conferencing. Information on these meetings and associated background materials were announced via email. In August 2014, telephone contacts and emails about the meetings were sent to approximately 75 industry stakeholders including, for example, academics and trade associations. The emails provided links to the schedules and background materials.

A series of meetings were held on August 21 and 27 for interested parties.

Representatives from the organizations listed in Table 2 attended one or more meetings in person or via web conferencing.

Table 2. Consultations Regarding Collection of Densified Biomass Fuel Data

Organization
Biomass Thermal Energy Council
Orion Associates
New York Biomass Alliance
Nebraska Energy Office
Massachusetts Department of Energy Resources
Pellet Fuels Institute
Wisconsin Department of Administration/State Energy Office
Trae Fuels
PRG Covington Mill
Idaho National Lab (NREL)
Indiana Office of Energy Development
University of Maine
Resources for the Future
Rentech, Inc.
American Forest and Paper Association
U.S. Forest Service
Enviva
Pacific Coast Fiber Fuels/Olympus Pellets
Maryland Energy Association
Oak Ridge National Laboratory
Alliance for Green Heat
Wisconsin State Energy Office
Mississippi Development Authority/Energy & Natural Resources Division
New Hampshire Office of Energy and Planning, State Energy Program
Vermont Public Service Department/ Clean Energy Development Fund
Maine Governor's Energy Office
Lignetics
Hammerschlag & Co. LLC
RISI
Northern Forest Center
Hamer Pellet Fuel

After each meeting, attendees were urged to contact EIA if they had questions or comments.

On December 31, 2014, a request for comments from interested persons was solicited in an open Federal Register Notice (Federal Register/Vol. 79, No. 250) on the creation of the Form EIA-63C. Comments were received from 16 entities and individuals. The comments and EIA's responses are summarized in Appendix A-1.

A.9 Payments or Gifts to Respondents

Respondents to this proposed information collection will not receive any payments or gifts from EIA for their mandatory participation.

A.10 Provisions for Protection of Information

Information reported for the following three data elements: Part 1. Name of Facility; Question 1.2. Physical Location of Facility; and Question 2.2. Maximum Annual Production Capacity; are considered public information and may be publicly released in company identifiable form.

All other information reported on this survey will be protected and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the Department of Energy (DOE) regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

The Federal Energy Administration Act also requires EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on these forms may also be made available, upon request, to another component of DOE; to any Committee of Congress; the Government Accountability Office; or other federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used by other federal agencies for non-statistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

A.11 Justification for Sensitive Questions

This proposed information collection does not include any questions of a sensitive nature.

A.12 Estimate of Respondent Burden Hours and Cost

The estimated hour burden per response is 1.5 hours. The overall annual burden for this survey is estimated to be 2,700 burden hours (see Table 3). The burden estimate includes time to review the form and instructions, report the requested information, and time for follow-up on survey responses to clarify any questions and correct or edit information reported by respondents.

The cost to the respondents is estimated to be \$194,319 (2,700 burden hours times \$71.97 per hour). An average cost per hour of \$71.97 is used because that is the estimated average loaded (salary plus

benefits) cost for an EIA employee in 2015. EIA assumes that the survey respondent workforce completing surveys for the EIA is comparable with the EIA workforce.

EIA conducted a total of five exploratory cognitive interviews during September 16-24, 2014 with potential respondents at densified biomass fuel facilities in Maine, New York, Vermont, and Virginia. Respondents stated it would take them between 5-10 minutes to less than an hour to report information and complete the survey. One respondent stated it might take two hours the first few times through, but after becoming familiar with the form it might take only 30-40 minutes. One respondent suggested that having the previous month's figures available would help in completing the form. Based on the cognitive research, the burden estimate of 1.5 hours per response is an accurate estimate that incorporates the highest estimate of expenditure of time provided by interviewees. Since this is a new form, EIA expects the burden to decline after the first year and may conduct future cognitive research after one year of operating this survey to document any reductions in burden.

Table 3. Estimated Burden

EIA Form Number	Title	Number of Respondents per Year	Number of Reports Annually	Total Number of Responses	Burden Hours Per Response	Annual Burden Hours
EIA-63C	Densified Biomass Fuel Report	150	12	1800	1.5	2700
Total		150	12	1800	1.5	2700
*Weighted Average Burden Per Form						
** Totals may not equal sum of components due to independent rounding.						

A.13 Annual Reporting and Record Keeping Cost

The capital and start-up costs for the survey are estimated for the respondents to be \$172,728. This calculation is based on an estimate of the start-up cost involving 2 person days for each of the 150 respondents to modify their information technology systems to produce data for the survey, i.e., ((16 hours * 71.97 per hour) * 150 respondents). This cost is amortized over five years at five percent interest annually over the life of the data clearance cycle. After the initial capital and start-up costs are made, there are no additional expenditures or recurring annual costs for respondents to operate or maintain their reporting systems for this form.

A.14 Annual Cost to the Federal Government

The annual cost of operating this survey is estimated at \$226,399, including contactor costs and federal staff time. This cost estimate includes personnel, maintenance, collection, and processing by EIA. The data requested will be captured via an internet data collection system and website for which EIA already has technology in place.

A.15 Changes in Burden

The proposed burden is 1,800 hours. For additional information see Table 4, below.

Table 4. Change in Annual Burden Hours

EIA Form Number	Burden (hours)	Change (hours)	Reason for Change
EIA-63C	2700	2700	New collection

A.16 Collection, Tabulation, and Publication Plans

The data collected on the survey in this package will be released in EIA reports and be available on the EIA website. Detailed information on the data elements collected on each form and their associated collection, tabulation, and representative publication time schedules are contained in Tables 5 and 6, respectively.

Table 5. Proposed Data Collection, Form EIA-63C

Elements Collected	Level of Detail
Name and Location of Facility	Facility Level
Status of Operation	Aggregate by Production Capacity and State/Region
Month/Year of Commercial Operation	Aggregate by Production Capacity and State/Region
Annual Production Capacity	Facility Level
Number of Direct Employees	Aggregate by Production Capacity and State/Region
Feedstock Types/ Cost/Transportation distance and mode	Aggregate by Production Capacity and State/Region
Product Type, Volume and Characteristics (heat, ash, moisture)	Aggregate by Production Capacity and State/Region
Inventory Type and Volumes	Aggregate by Production Capacity and State/Region
Domestic Sales by Product Type, Retail/Wholesale and Associated Revenues	Aggregate by Production Capacity and State/Region
Export Sales by Product Type, Retail/Wholesale, Associated Revenues, Export Port and Destination Countries	Aggregate by Production Capacity and State/Region

Table 6. Collection, Tabulation, and Publication Plans

Survey Form	Data Collection Frequency	Survey Opening Date	Response Due Date	Date Final Data are Ready	Publications*	Publication and Data File Release Date
EIA-63C	Monthly	First of the month	The last day of the month following the reporting period	45 days after the Response Due Date	See Note	45 days after the Response Due Date
<p>* MER (Monthly Energy Review), AER (Annual Energy Review), Renewable Energy Trends. Note: All EIA publications can be accessed at http://www.eia.gov/reports/.</p>						

Users can also link to the data series in EIA's Application Programming Interface (API). An API makes EIA data machine-readable and more accessible to users. Links to analytic reports such as the Monthly Energy Review and pertinent Today in Energy articles are also available from the page. For more information see the EIA website at: <http://www.eia.gov/beta/api/>.

A.17 OMB Number and Expiration Date

The OMB number and expiration date will be displayed on each form.

A.18 Certification Statement

This submission meets all certification requirements of the "Certification for Paperwork Reduction Act Submissions," for OMB Form 83-I.

Appendix A-1

Comments Received in Response to the Open Federal Register Notice (Federal Register/Vol. 79, No. 250) Published December 31, 2014

On December 31, 2014, a request for comments from interested persons was solicited in the Federal Register on the creation of a new data collection instrument, Form EIA-63C, "Densified Biomass Fuel Report."

Comments were received from the 16 entities and individuals listed below. The comments and EIA's response are summarized in this appendix.

Commenter	Abbreviation Used in Text (if any)
Biomass Thermal Energy Council	BTEC
HotZero	HZ
American Wood Fibers	AWF
New England Wood Pellet (Rentech)	NEWP
Forest Business Network	FBN
Renewable Heat Products, LLC	RHP
Pellet Fuels Institute	PFI
U.S. Forest Service	USFS
Idaho National Laboratory	INL
Westervelt Renewable Energy, LLC	WRE
Maine Pellet Fuels Association	MPF
MeadWestvaco Corporation	MWV
American Forest and Paper Association	AFPA
American Wood Council	AWC
Marthwood	MMW
Forest Energy Corporation	FEC

Form EIA-63C, Densified Biomass Fuel Report

1. Comment: Exempting or allowing voluntary participation for 'small' producers and quarterly collection instead of monthly.

Comments From: BTEC, HZ, AWF, NEWP

EIA Response: EIA agrees that the survey may be burdensome for small producers and that it is unnecessary to collect the full array of survey data from small producers. We will modify our original proposal as follows:

- We will adopt the industry recommendation to define producers with less than 10,000 TPY of production capacity as "Small Producers."
- Small Producers will be required to respond annually to a limited subset of the survey questions dealing with location, capacity, and production by pellet type.

EIA does not agree with suggestions that the survey should be quarterly. This is a dynamic industry undergoing rapid changes in capacity, production, price, and ownership. Allowing for the time required to collect and process data (roughly six weeks) a quarterly survey would report data as much as four months after the fact. (For example, with a quarterly survey, January would not be reported until the middle of May.) This stale information would be of limited value to government and industry.

2. Comment: Include densified wood bricks, logs, and briquettes and possibly the manufacturing of wood chips in the survey. Include production of pellets for purposes other than fuels (animal bedding, litter, grilling, etc.)

Comments From: BTEC, AWF, HZ, FBN, RHP, PFI, USFS

EIA Response: EIA agrees with adding other densified biomass products to the survey. Compressed bricks, logs, and briquettes have been added to the production, inventory, and sales questions. The focus of the survey is energy used for fuel, and as such, EIA does not agree to add densified biomass products used for purposes other than fuel. At this time, collecting data from the wood chipping industry is not included in this survey. After the first three-year period of collection, consideration will be given to collecting data on wood chip manufacture and use.

3. Comment: Release of state-level data could compromise confidentiality. New to the industry, respondents will be concerned about disclosure and requiring all competitors to provide data.

Comments From: BTEC, AWF, HZ, PFI, WRE, NEWP, MPFA

EIA Response: EIA has an excellent record for protecting confidential data. If state-level data has too few respondents to allow disclosure at state level, EIA would either roll up aggregations to a regional level or withhold state-level data to ensure no disclosure of individual company data could reasonably be derived. Currently, other data series with protected data are published with state and/or regional aggregates using statistically sound rules to prevent disclosure of individual responses. The survey will be mandatory for all required participants and data will be protected from disclosure.

4. Comment: Feedstock data (Question 3.1) should have clearer and more granular choices for reporting. Source of wood should be added. Use of wood should be added.

Comments From: WRE, MWC, AFPA, AWC, WRE, INL

EIA Response: EIA agrees to add more granular and well-defined feedstock choices and the source of wood to the drop-down lists for reporting on Question 3.1, Feedstock Types. Also added is a question asking if feedstocks are also utilized to operate the plant, generate electricity, or other beneficial uses.

5. Comment: Add to questions 2.3 and 2.4 the installed horsepower of the pellet extrusion machinery, in order to fully capture production capacity as well as serve as a check against capacity reported as tons per year. Add a question for the reason for differences between TPY and horsepower capacity.

Comment From: PFI

EIA Response: EIA agrees to add questions on installed horsepower to Part 2 of the survey, as well as a question on the reason for a discrepancy between TPY and horsepower production capacity.

6. Comment: Retail vs. Wholesale sales may not always be accurate. Destination country for exports product may not always be known. Revenue from sales is sensitive and must not be disclosed.

Comment From: WRE

EIA Response: EIA appreciates the difficulties in determining if a sale should be considered retail or wholesale and agrees that the respondent can only use a best faith effort to report the distinction. In the case of destination country, an option to choose “Unknown” will be acceptable in cases where the destination country cannot be determined. As previously stated, EIA has an excellent record of protecting sensitive data from disclosure and will take all steps necessary to protect sensitive financial data.

7. Comment: Use ranges for costs and sales values. Clarify FTE as only pellet mill employees.

Comment From: MMW

EIA Response: EIA does not agree with using ranges for reporting data as it will be less useful in calculating weighted averages for production and sales and individual responses will be protected from disclosure. The FTE question will be made clear that it pertains only to employee FTE in the pellet production manufacturing facility.

8. Comment: General Support for survey

Verbatim Comments From: PFI, MWV, AFPA, AWC, MPFA, AWF, BTEC, INL, FBN, RHP, HZ, FEC, USFS.

Commenter: Pellet Fuels Institute

PFI supports EIA's effort to collect information on the densified biomass industry and commends EIA for compiling a draft survey that is comprehensive and **reflective of the input provided by a range of stakeholders from industry, nonprofit organizations, and state and federal governments.**

Its collection is imperative for the achievement of EIA's mission "to [collect], [analyze] and [disseminate] independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment." **As the authoritative federal agency on energy market data, it is incumbent upon EIA to ensure that data on densified biomass is included in its portfolio and available to the American public.**

PFI and its members are pleased with the survey's contents. **The information EIA proposes to collect can be provided by manufacturers of densified biomass with little to no extra burden and will be a valuable asset to federal agencies, industry and the general public for understanding the breadth of the densified biomass sector.**

Commenters: MeadWestvaco Corporation, American Forest & Paper Association and American Wood Council

MWV, AF&PA and AWC support EIA's proposed plan to collect and publish timely data regarding wood pellet production and sales. We believe the data will help policymakers and the public become better informed about U.S. wood pellet production trends – particularly in the South where the industry's rapid growth is being driven nearly entirely by exports of pellets to the European Union (EU).

Commenter: Maine Pellet Fuels Association

We commend EIA for undertaking this reporting and analysis. Our growing industry now deserves to be considered as a significant participant in the national energy picture.

Commenter: American Wood Fibers; Biomass Thermal Energy Council

BTEC, AWF is very supportive of the EIA's efforts to develop the survey, as we believe that the survey and its resulting data will raise the national profile of biomass thermal fuels and bolster efforts to include biomass thermal technologies across the renewable energy environment and help shape public policy.

Commenter: Forest Business Network

We have observed and covered with great interest over the recent years the growing opportunities for forest residuals to be pelletized and converted to a valuable, sustainable source of national and international energy. We are pleased that EIA has chosen to recognize and report on the increasing importance that this energy source is contributing to a wisely diversified, economical, and broad based American energy future. We therefore, agree with and support the data reporting efforts of the EIA.

Commenter: Renewable Heat Products, LLC

We applaud the decision by the EIA to do a survey of densified wood fuel. Densified wood fuels, including pellets and wood bricks are an increasing popular fuel in the US. We especially commend the EIA for broadening its energy research and reporting to renewable energy and biomass is the most important type of renewable energy in many US states.

Commenter: HotZero

...Thus a better understanding of the densified wood market will be very helpful to us in planning for back up fuels to be used during extreme weather events something we have seen a fair bit of this winter in New Hampshire.

Commenter: Forest Energy Corporation

I applaud EIA for finally including pellet fuel in their data collection. I have been in the industry for 23 years and seen it grow and provide benefit. I believe that accurate reliable data on the industry will demonstrate benefit to many future decisions regarding the advancement of renewable energy.

Commenter: USDA Forest Service

The U.S. Forest Service applauds the Energy Information Administration's plans to implement a mandatory survey of densified biomass fuel manufacturers as announced in the Federal Register on December 31, 2014 (enclosed). The densified biomass fuel survey will more accurately account for and document the amount of wood pellets that are produced in the United States for local and foreign markets.

Renewable wood energy is a critical energy sector that supports forest management, reduces energy costs, generates local jobs, replaces fossil fuel energy, provides climate benefits, and improves air quality. This energy sector has been growing substantially in the United States over the last decade; yet it has been difficult to obtain accurate data to understand the growth and activity associated with wood energy. The densified biomass fuel survey will help us better understand the role that wood pellets play in the energy sector.

Commenter: Idaho National Laboratory

I commend the EIA on the streamlined draft questionnaire on densified biomass, and the detailed level of information it aims to collect.

From an academic viewpoint, I think it would be very valuable to get information at this level of detail, particularly the sourcing feedstock, volumes, and price data. I am doubtful however that the industry would want to deliver this kind of information. A disclaimer of anonymous representation and publication would probably be advisable.

Appendix A-2

Comments Received in Response to the Open Federal Register Notice (Federal Register/Vol. 80, No. 107) Published June 4, 2015

On June 4, 2015, a request for comments from interested persons was solicited in the Federal Register on the creation of a new data collection instrument, Form EIA-63C, "Densified Biomass Fuel Report."

Comments were received from seven entities. The comments and EIA's responses are summarized in this appendix.

Commenter: Pellet Fuels Institute

Comment: We still have concerns regarding the final presentation of data, which EIA states will be reported in the aggregate without identifying factors. However, given that many states only have one to two densified biomass facilities, it will be impossible for EIA to report this information without identifying key information from a specific facility or facilities. Thus, we again ask EIA to consider reporting data on a regional basis.

In addition to providing an extra measure of confidentiality, reporting data on a regional basis will assist with the management of fuel supply in the United States as shortages in one region can be more easily mitigated by surpluses in another. Further, reporting data by region will provide a better understanding of fuel inventory and can drive more efficient decision making related to fuel shipment timelines and practices, a win for both densified biomass manufacturers and consumers.

EIA Response: Disclosure rules utilized by EIA prevent publication of state-level data where three or fewer observations are collected within a state. State-level data will be protected where appropriate to protect individual company information. EIA publishes a mix of state and regional aggregate data for other confidential data series, such as coal stocks. We anticipate publication of a mix of state and regional aggregates for the wood pellet data.

Commenter: Indeck Ladysmith, LLC

Comment: Ladysmith has three concerns with the proposed survey; first in Part 4 Product Sales and Revenue Information Sections 4.1 and 4.2 the biomass facilities will be required to publish their exact amount of revenue sales ("Issue 1"); the second in Part 3 Densified Biomass Production and Inventory Information in Section 3.1 where biomass facilities will be required to publish their exact total cost of feedstock ("Issue 2") and finally the third, in Section 3.4 where product stored as inventory is required at the end of the reporting period ("Issue 3"). The data for both Issues 1 and 2 are considered highly confidential and proprietary. If this information were to be published it could be detrimental to the economics of Ladysmith. Issue 3, when reported monthly, provides a proprietary perspective on the facilities product, sales and marketing strategy in what can be a seasonal densified biomass pellet market, and thus could also be detrimental to the economics of Ladysmith.

It is clear that Ladysmith is not the only biomass facility that has a concern with Issue 1. In the Supporting Statement for Survey Clearance: Densified Biomass Fuel Report Part A: Justification, Appendix A-1, Comments Received in Response to the Open Federal Register Notice, Comment #6 addresses one of Ladysmith's concerns that "Revenue from sales is sensitive and must not be disclosed."

Ladysmith further comments that sales revenue as well as the cost of feedstock are more than just sensitive, but rather confidential and proprietary.

The EIA's response to Comment #6 simply states that the EIA has an excellent track record in protecting sensitive data. This may be true, however the information supplied in Part A.10 of the Justification Report indicates to the contrary; it states: "...some statistics may be based on data from fewer than three respondents, or may be dominated by data from one or two large respondents. In these cases, it may be possible for a knowledgeable person to estimate the information reported by a respondent." This statement clearly indicates that at times it may not be possible to protect sensitive information. Furthermore, the EIA is required under the Federal Energy Administration Act to provide company-specific data to other Federal agencies when requested for official use. Additionally, the information in the reports may also be made available to other governmental agencies, any Committee of Congress, the Government Accountability Office, other federal agencies, or a court of competent jurisdiction. The concern, in light of the above statements, is how will the proprietary information be adequately protected especially information that is disseminated outside the EIA?

Another issue that needs to be addressed is the potential for violating anti-trust laws. If the confidential and proprietary pricing information in Issue 1 and Issue 2 are required to be reported and thus published; it appears to establish an environment conducive of price fixing, which would be a violation of the antitrust laws. Generally, antitrust laws require companies to establish prices and other terms on its own, without agreeing (either verbally, in writing or inferred from conduct) with a competitor. With the publication of Issue 1 and Issue 2 all biomass facilities confidential and proprietary pricing information would be published, thus opening the door to potential price fixing.

For the above stated reasons, Ladysmith respectfully requests that Issue 1 and Issue 2 not be included in the survey and that Issue 3 be reported annually. However, in the event the EIA determines it will require Issue 1 and Issue 2, Ladysmith subsequently requests that the EIA allow for two submittals of the EIA-63-C, one that is unredacted for the EIA's eyes only, and one that redacts the confidential and proprietary information in Issue 1 and Issue 2. Furthermore, since the EIA is required to provide company-specific data to certain Federal agencies, that any requests for the unredacted version must be required to submit a FOIA request so that the biomass facilities have the opportunity to protect their confidential and proprietary information. This format is similar to what the New York Public Service Commission allows with their Annual Reports for Lightly Regulated Generation Facilities.

EIA Response: The data identified as Issue 1, Issue 2, and Issue 3 are recognized by EIA as confidential, sensitive, and proprietary data. The Supporting Statement Part A clearly states the data "...will be protected and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act." EIA will protect these data from unauthorized release to the public. EIA will not publish company level reported values. EIA would be in a stronger position to withhold data pursuant to a request from the public made under the Freedom of Information Act if the commenter described in detail how the release of this information would be "detrimental." In describing the competitive harm, it helps to explain how this information could be used by a competitor to take away sales from another company or cause competitive harm. However, even in the absence of this additional descriptive information, EIA will apply all available exemptions under FOIA to withhold company level data from public release. State-level aggregate data will be protected by applying disclosure limitation methodologies to safeguard against disclosing individual company information through the publication of statistical aggregates. EIA routinely collects and protects confidential, sensitive, and proprietary data collected from diverse energy companies from coal mines, gas, and

petroleum producers to end users of energy. Confidential data collected on the Form EIA-63C will be afforded the same level of protection.

Commenter: Forest Energy Corporation

Comment: I would like to suggest a couple of modifications though. Forest Energy is the only significant producer in Arizona, so any reporting by state will ultimately be a reporting of our data which divulges some information that we would prefer to remain private. We recommend that EIA consider reporting data in no smaller category than regionally. This effort will help preserve our confidentiality. I believe this will also be a benefit for fair competition and a balance to supply and demand.

Forest Energy also manufactures densified logs. They are not yet a large percentage of our production, but do provide many homes fuel for heating.

EIA Response: Disclosure rules utilized by EIA prevent publication of state-level data where three or fewer observations are collected within a state. State-level data will be protected where appropriate to protect individual company information. EIA publishes a mix of state and regional aggregate data for other confidential data series, such as coal stocks. We anticipate publication of a mix of state and regional aggregates for the wood pellet data. The categories for products in the revised (June 4, 2015) survey include compressed bricks, compressed logs, briquettes and other.

Commenter: Nebraska Energy Office

Comments: The Federal Register and the Comments Response document state that an initial survey will be required from all U.S. densified biomass fuel manufacturers but that only facilities with 10,000 tons or more of production capacity will file surveys after that. I have a concern with this issue because, from a preliminary review, Nebraska has two densified biomass fuel manufacturers. Neither one manufactures 10,000 tons or more.

Form:

Page 1: Include consumption in the Purpose section.

Include consumption and inventory in the Required Respondents section.

Page 4: Second paragraph – move last sentence so that it’s in front of “Report the volume in short tons.”

Page 5: 4.1 and 4.2 – “...U.S. whole dollars...” should be “...whole U.S. dollars...”

Why is 4.2 boxed when the other sections are not?

Page 6: Typo in Product Types – biquettes should be briquettes

Instructions

Decide the following for both the instructions and the form to be consistent: FAX or fax and drop down or dropdown (on the Form, it's two words; on the Instructions, it's one word and later it's two words)

Page 1: General Instructions and Due Date: Typo - "facilites" should be "facilities" in sentence 4.

Second paragraph - redundancy in second sentence - end sentence at "..., or the next business day."

- 1.1 Delete ", including city, state and zip code"
- 1.2
- 1.1 Delete Company Name on Form or add to Instructions
- 1.2 Delete Company Name on Form or add to Instructions

Part 2: Note: Could have cut and pasted material from the Form.

3.1 Is this sentence needed? "Do not attempt to report the feedstock volumes actually used to produce products during the reporting period."

All options are not listed from the Form drop down list and options are not in the same order as on the Form.

3.2 Last paragraph - first sentence has too many "in"

Last paragraph - second sentence - one pound and per pound seem redundant

Last paragraph - second sentence - add the word "and" in "..., and the thermal..."

3.3 Last paragraph - typo "offiste" should be "offsite"

4.1 All options are not listed from the Form drop down list.

Second sentence - "Report the Revenue Received..." - Revenue and Received should have lowercase r's.

4.2 Heading isn't finished.

Second sentence - "Report the Revenue Received..." - Revenue and Received should have lowercase r's.

Second sentence - add the underlined words "Report the revenue received as Free On Board at the plant (excludes transportation to customers, port costs/fees or other costs associated with export)."

EIA Response: Plants with a capacity to produce less than 10,000 tons per year will complete Parts 1 and 2 annually. EIA does not wish to impose undue burden on small companies, thus small facilities have less reporting requirements. Thank you for the thorough editorial review. All editorial comments were addressed as appropriate.

Commenter: MeadWestvaco Corporation

Comment: For further improvement, we urge that the survey form also include a breakout for thinnings that are smaller than pulpwood grade – i.e., trees that are less than five inches in diameter at breast height. Also, the pulpwood quality category should specify that it includes trees that are wider than 5 inches in diameter at breast height. The differentiation is important because it will clearly distinguish between what has traditionally had a market as pulpwood in the pulp and paper sector. This will further strengthen what EIA is trying to achieve with the feedstock portion of the survey.

We believe the collection of this additional information will provide useful information to better estimate the various types of densified biomass fuel production.

EIA Response: EIA will add to the Roundwood (pulpwood quality) a further distinction of 5 inches or more at breast height and less than 5 inches at breast height.

Commenter: Westervelt Renewable Energy

Comment: Page 1. Cover DISCLOSURE OF INFORMATION We appreciate the EIA’s recognition of the commercially sensitive nature of data requested from respondents, and reiterate the irreparable harm that could be caused if the data is not aggregated at a higher level so as to prevent identification of individual respondents.

Page 4. Production & Inventory Information Section 3.4 requests the respondent to quantify product stored in inventory “at the facility” during the reporting period. As indicated in our prior response, most industrial products store product off-site (primarily at the port) and the proposed form will not capture that data.

EIA Response: Disclosure rules utilized by EIA prevent publication of state-level data where three or fewer observations are collected within a state. State-level data will be protected where appropriate to protect individual company information. EIA publishes a mix of state and regional aggregate data for other confidential data series, such as coal stocks. We anticipate publication of a mix of state and regional aggregates for the wood pellet data.

EIA will modify Section 3.4 to include inventory held off-site, for example at ports.

Commenter: American Forest & Paper Association

Comment: AF&PA appreciates the EIA’s proposed plan to collect and publish timely data regarding wood pellet production and sales. We are pleased that the EIA considered our previous comments and added additional feedstock categories such as pulpwood quality roundwood and bark to the survey form. We also find it useful that the survey form now seeks information regarding the type of forest the wood comes from (natural, planted, public) and how much of the wood going to pellet plants is used to generate process energy to manufacture the pellets.

As refinements, we urge that the survey form also include a breakout for thinnings that are smaller than pulpwood grade – i.e., trees that are less than five inches in diameter at breast height. Also, the pulpwood quality category should specify that it includes trees that are wider than 5 inches in diameter at breast height. This breakout is important since it will provide a more comprehensive picture of the types of wood being used to make pellets and whether they have alternative markets.

EIA Response: EIA will add to the Roundwood (pulpwood quality) a further distinction of 5 inches or more at breast height and less than 5 inches at breast height.