

## **AF&PA Statement for the Record**

### **House Energy and Commerce Committee Hearing:**

#### **“The CLEAN Future Act: Industrial Climate Policies to Create Jobs and Support Working Communities”**

**March 18, 2021**

AF&PA appreciates the opportunity to submit comments for the hearing referenced above. As the notice for the hearing stated that it will discuss three sections of the bill -- the Buy Clean Program, the Clean Energy and Sustainability Accelerator, and the Community Transition provisions—we are providing introductory comments about AF&PA and limited comments on the first two sections, as those are more relevant to AF&PA. We also are providing some overall principles that we believe are applicable to any climate policy.

#### ***Introduction to AF&PA and Members’ Bioenergy Profile***

The American Forest & Paper Association (AF&PA) serves to advance a sustainable U.S. pulp, paper, packaging, tissue and wood products manufacturing industry through fact-based public policy and marketplace advocacy. AF&PA member companies make products essential for everyday life from renewable and recyclable resources and are committed to continuous improvement through the industry’s sustainability initiative — *Better Practices, Better Planet 2020*. The forest products industry accounts for approximately four percent of the total U.S. manufacturing GDP, manufactures nearly \$300 billion in products annually and employs approximately 950,000 men and women. The industry meets a payroll of approximately \$55 billion annually and is among the top 10 manufacturing sector employers in 45 states.

Paper and wood products manufacturers produce enormous amounts of carbon-beneficial bioenergy integral and incidental to making products that meet essential societal needs, such as promoting literacy, health and hygiene, global commerce, our sense of community, and more. Most of this bioenergy is extracted from biomass residuals of the manufacturing process that otherwise would be wasted and emit greenhouse gases such as carbon dioxide (CO<sub>2</sub>) and methane. This bioenergy displaces fossil fuel in the manufacturing process or is sold onto the electricity grid.

#### ***AF&PA’S Voluntary Emissions Reductions***

In 2011, as part of the association’s voluntary *Better Practices, Better Planet 2020* sustainability goals initiative, AF&PA set a goal to reduce member greenhouse gas (GHG) emissions—measured

in carbon dioxide equivalents per ton of production—by 15 percent. After meeting that goal ahead of schedule, members set a 20 percent reduction goal and they exceeded that goal in 2018, when our emissions were 23.2 percent lower than in 2005.

While we recognize that the U.S. currently is considering an updated Nationally Determined Contribution (NDC), to put these and other emission reductions in context, it is helpful to consider the existing U.S. NDC that was part of the Paris Accord. Specifically, the U.S. NDC was to achieve a 17% GHG mass reduction between 2005 and 2020, and a 26-28% GHG mass reduction by 2025, with best efforts to achieve a 28% GHG mass reduction by 2025.

AF&PA members have already exceeded those targets, by reducing direct GHG emissions and indirect emissions by over 40 percent on a mass basis between 2005-2018. Further, as stated above, AF&PA members have reduced their direct and indirect emissions by 23.2 percent between 2005-2018 on an intensity basis.

In addition to our members' voluntary progress discussed above, AF&PA currently is developing new sustainability goals to replace the existing *Better Planet* 2020 goals; these new goals will be announced in the next few months. Among others, we are working on a new GHG reduction goal.

### ***Industry Innovation***

The industry also is innovating for the future. The industry's Alliance for Pulp and Paper Technology Innovation—APPTI—works to transform the paper and forest products industry through innovation in its manufacturing and products. For instance, a project is underway to reduce the energy used in certain paper manufacturing processes by 23 trillion BTUs, which would lead to significant GHG reductions. This project is being carried out by a team led by the Georgia Institute of Technology and is funded by APPTI members and the Department of Energy's RAPID Institute.

APPTI identifies high priority, pre-competitive technology challenges for the pulp and paper industry and promotes scientific research and development projects to address them. Current projects under development, if implemented, could achieve significant energy and related GHG reductions for the industry.

### ***Climate Principles***

AF&PA believes that any comprehensive climate legislation must balance environmental, social, and economic concerns to ensure that our nation's economy and forest products industry remain globally competitive.

In particular, any legislation should recognize the forest products industry's important and unique role in reducing GHGs, including sustainable forest management practices, carbon sequestration, biomass energy use, electricity generation, and paper recovery for recycling. Sustainably managed forests and our products sequester and store approximately 16 percent of annual U.S. carbon dioxide emissions. Paper recycling reduces waste, extends the fiber supply, and reuses a renewable resource that sequesters carbon. Paper recycling also avoids landfill methane emissions and reduces total energy required to manufacture several paper products, improving the overall life-cycle performance of the industry's products. Any climate legislation should recognize early actions taken to reduce GHG emissions.

The carbon benefits of sustainably managing working forests should be recognized and promoted. Forests sequester carbon as they grow and provide fiber for renewable and recyclable products that also store carbon. Increasingly it is recognized that working forests and forest products are essential elements of any plan to achieve climate goals. There also is a strong consensus on the carbon benefits of bioenergy produced from biomass residuals. It appears that the bill recognizes the climate benefits of paper and wood products manufacturing renewable biomass energy from residuals to some extent. However, its provisions are inconsistent and include requirements that effectively could bar biomass energy from receiving the full benefits provided for other favored energy sources. We will provide additional comments as the Committee moves forward in the process.

Policy makers should recognize that sustainably managed forests provide the raw material for forest products manufacturers, and that wood fiber is their number one cost. Any proposed policies that could increase costs should also include provisions to minimize the negative effects on our members' competitiveness in the global marketplace.

From a broader perspective, it is critical to recognize that U.S. manufacturers must compete globally. To the extent that Congress adopts laws that increase the domestic cost of production for U.S. based manufacturing, those higher costs of production will shift production jobs, and economic growth outside of the U.S.

In turn, since U.S. manufacturers are more efficient users of fuel and natural resources than manufacturers in most other countries, when production shifts outside the U.S., there will be a net increase in global GHG emissions.

### ***Comments on CLEAN Futures***

#### Buy Clean Program

Under the Buy Clean program, agencies would procure increasing amounts of eligible materials demonstrated to have lower amounts of embodied GHG emissions pursuant to Product Category Rules (PCRs) designated by EPA in consultation with other agencies and Environment Product Declarations (EPDs). Paper and paper-based products are not included in the primary or secondary list of eligible materials for the program. (The Buy Clean lists likely will be the starting point for the materials included in the voluntary Climate Star program, which is somewhat similar to the Energy Star program.) Nonetheless, AF&PA has a strong interest in ensuring that any congressionally mandated system for weighing the environmental and climate benefits of one product versus another are established pursuant to clear, transparent and scientifically-sound criteria. Accordingly, we urge the Committee to carefully consider whether relying exclusively on embodied GHG emissions based upon EPDs that may not include end-of-life data provides all the information needed to make valid comparisons among products.

#### Clean Energy and Sustainability Accelerator

This program would, among others, fund a “Green Bank” (“a dedicated public or nonprofit specialized finance entity”) to finance projects to make the U.S. a world leader in addressing climate issues through deployment and development of new technologies. Qualified projects include industrial decarbonization, and agriculture and forestry projects. Qualified projects also include renewable energy projects, but biomass renewable energy is not listed.

AF&PA supports funding for research and development of new industrial technology. The CLEAN Future Act’s goal for the U.S. to achieve a 100 percent clean energy economy by 2050 is extremely aggressive and can only be achieved by the deployment of new and innovative technology. We believe, however, that biomass energy should be included in the list of qualified renewable energy projects, for the reasons discussed above.

Thank you for the opportunity to provide our industry’s input and we look forward to working with you as this process moves forward.

Please don’t hesitate to contact Julie Landry ([Julie\\_Landry@afpandpa.org](mailto:Julie_Landry@afpandpa.org)) with any questions.