CATEGORY 3 BIOMAT - SUMMARY OF CHALLENGES

Issue	Current View	What Could Change
Feedstock Price and Term	Although trees in high hazard areas could be given away for free by the US Fire Service, the federal entity is not able to issue long term agreements. Additionally, transport will typically increase feedstock prices above $25/bdt. Long term feedstock can be procured from private lands, but will command 2x market rates.	US Fire Service could start offering long term contracts for high hazard biomass. Additionally, as traditional biomass plants come offline because of expiring PPAs, a surplus of woody biomass could become available at lower rates.
Biochar	Although biochar has been sold for up to $1,000, the influx of biochar due to growth of gasification, and lack of developed end use market, it is difficult to see rates above $200/ton	A market could be developed for biochar. Cannabis growers are using biochar. The market may continue to develop as the cannabis market grows.
Interconnect	Interconnection timing typically takes 24 months or longer because of the location of these projects.	Expedited interconnect timing and transparency in the approval process could be improved
PPA	Cap of program period, or program period 11. Assumes CPUC will not remove cap.	CPUC could lift price cap for category 3 and raise PPA price to incentivize building of plants. Additionally, another feed-in tariff targeted at high hazard biomass could come into order
ITC	No 30% ITC is assumed for the projects unless it has already been safe harbored	30% ITC for biomass could return in the form of the Agriculture Environmental Stewardship Act, HR.2853
Grants	Unless the project already has it, no grants have been provided	US Fire Service could issue grants for projects that mitigate hazardous tree stocks.
New Market Tax Credits	NMTC can generally account for ~20-25% of the CAPEX of the project. However, the NMTC requires resources and an offtaker of the credit	A group of NMTC investors for high hazard biomass could be developed