

NEWSLETTER Winter 2010

Farm Forestry demands growth and fair play

The growth potential of Irish farm forestry is vast. We have the best growth rates for trees but have the lowest forest cover at 10%, compared to an EU average of 37%.

Ireland has a vast underutilised land bank, which is surplus to agricultural requirements and very suitable for afforestation. Our timber processing industries are demanding more logs, processed timber exports have increased dramatically and the wood energy market requires vast amounts of biomass. This economic recession should focus our minds on proven sustainable growth sectors where we have clear competitive advantage. Farm Forestry stands out.

Why is afforestation at such low levels?

Yearly afforestation targets have been lowered, so the scheme is presently oversubscribed. Vast areas of the country have been closed to further forestry on dubious scientific grounds. Slow growing, high quality and value conifers can also be grown in Ireland to displace imports.

The increasingly valuable non timber benefits of forestry - biodiversity, carbon sequestration, water protection and recreation, need to be returned back to the forest owner as an environmental services payment.

Forestry has a massive role to play in combating climate change. Ireland's Forest policy could send out a very positive global message indicating the value we place on our trees. The 2011 Forestry Review should be published early in 2011.

Happy Christmas and a prosperous New Year to all!

John Jackson, DWOSL Chairman



Good News....Update on the 2011 DWOSL Leader Project: Donegal has 3 Leader Areas, DLDC, MFG and Inishowen. To date DLDC has approved this project and MFG and Inishowen decisions are to be announced shortly.

A very positive response has been received from members of DWOSL to help pre-finance this project. More details to follow.

HAVE YOU PAID YOUR 2010 MEMBERSHIP RENEWAL?

At the AGM it was agreed to make the renewal date for membership of the Donegal Woodland Owners Society Limited the last day of March each year. If you have not paid up your 2010 membership yet, please take care of it immediately. **ANY QUERIES PHONE ADMIN DWOS 086 0410809**

Wood Energy Study Tour 2010

10th to 13th October 2010, Highlands and Islands, Scotland

Extract of the study tour report with kind permission from Bernadette Phelan, WDC

Background

The Western Development Commission (WDC), a statutory body that was set up to promote both social and economic development in the Western Region (Donegal, Leitrim, Sligo, Mayo, Roscommon, Galway and Clare) delivered this study tour under Work Package 3 of the EU bioenergy project RASLRES (www.raslres.eu).

RASLRES aims to increase the uptake of locally produced bioenergy solutions in rural areas and has pilot actions in wood energy, energy crops and marine biomass. In the Western Region, RASLRES is focused on the wood energy sector and supports the sector by delivering practical services to market players and informing policy development. RASLRES adopts a full supply chain approach - looking at the energy chain from supply (i.e. fuel producers/processors) to demand (i.e. energy users). Services to the wood energy sector in the Western Region under RASLRES include:

- provision of a range of technical and business advisory support services to selected clients progressing wood energy projects in the region
- generation of market information and intelligence to support the sector e.g. resources
- forecasting from private sector forestry, assessment of energy crop potential, technical and business case studies
- accessing of international expertise and facilitation of networking with EU markets

The study tour programme was designed primarily based on the information needs of public sector clients participating in RASLRES work package three. For example in County Donegal eight feasibility studies were completed for public sector buildings by September 2010 with a view to further actions over the coming months. In addition two feasibility studies were completed with Sligo County Council together with a consultation meeting with Mayo Energy Agency.

Aims

The aims of study tour were:

- to facilitate the exchange of wood energy expertise from the Highlands & Islands of Scotland to the Western Region
- to provide technical and business information to pilot project clients and thereby inform their own projects
- to increase the awareness and understanding of wood energy opportunities in the Western Region among relevant stakeholders and to guide and inform on the next steps for RASLRES Work Package 3 and its clients.

Summary of the visited sites

In summary thirteen sites were visited over the three day period. The boiler sites were mainly heat installations in public buildings and small district heating schemes (boiler range of 100kw- 850kw). Fuel depots supplying these installations (or similar scale installations) were visited to facilitate discussion on fuel supply issues and related contract options.

At each site a 'whole project' perspective was presented i.e. main technical issues, fuel storage and delivery, project financing, project delivery and management, contract options and related issues for



energy users and fuel suppliers, fuel quality etc. The delegation met with a range of public sector agencies and private companies from the Highlands & Islands Region.

Lessons learnt

From the varied site visits and meetings, the group gained insights into the main issues for initiating and delivering wood energy projects in the public sector. The main outcomes of the tour were:

- clients informed on potential of wide scale market deployment and conditions necessary to achieve growth
- increased knowledge of how to progress own individual proposals and increased awareness among public sector players of the opportunities within wood energy sector.

Some of the lessons learnt include:

- the availability of capital grants to stimulate market demand and supply
- the availability of advisory supports to projects e.g. Allenergy's support to HWE Ltd and Glenshalloch district heating
- the critical need for a stable policy framework at both national and local level to support growth and provide confidence to the industry
- the importance of fuel quality and standards to ensure effective system operation – moisture content is key variable
- the need to engage in appropriate system design and feasibility modelling for installations – addressing errors in retrospective is costly
- the importance of fuel supply chain modelling and management by the forestry/fuel supply company
- the notable cost impact of appropriate fuel handling, delivery and storage within the cost structure of projects - fuel and haulage are the main cost components
- the need to assess the range of contract options available to energy users and to choose a contract appropriate to your needs. In many instances on the tour the energy user purchased metered heat via Energy Service Contracts.
- the opportunities for players across the supply chain to work in innovative partnerships to allow for project development e.g. community group HWE working with Lakeland Smolts Ltd
- the long term economic and commercial viability of enterprises is enhanced by integration of components across the supply chain e.g. Alvie Estates fuel supply business is based on own forestry resource in addition to buying in from contractors.



Three delegates of the DWOSL Committee were invited to attend the study tour on behalf of the DWOSL (Meike Siebel, Thomas Becht and John Jackson). The Committee of the DWOSL decided that this was a chance for the DWOSL to gain insights on how other businesses utilise and develop the wood energy market and possibly benefit from their experiences. Furthermore it provided an opportunity to highlight the importance of locally sourced wood and to raise awareness of the unique structure of the DWOSL, which can be utilised to source wood from private forest owners in Donegal for future renewable energy projects in County Donegal.

In summary one could say that the study tour raised an important question: should the DWOSL enter the Energy Services Company market or not? Read more about it in the next article and let us know what you think. Send your email to: forester.dwosl@gmail.com. Please state if you are happy that your input can be printed in the next newsletter or if you would rather stay anonymous and just inform the committee about your thoughts.

The full study tour report can be accessed on the DWOSL webpage:
www.donegalwoodlandowners.com/Documents.htm

Should DWOSL enter the ESCo market?

by Thomas Becht, Committee Member

What is an “Energy Services Company (ESCo)”?

An ESCo, or Energy Service Company, is a business that designs, builds, operates and finances energy projects for customers over a fixed time period. In addition to the above, services also include billing, plant operation, maintenance, long term replacement and risk management.

For us, in plain language, it means a company, supplying heat for the purpose of heating a building and the production of hot water for domestic use. The client or customer pays per Kw/h heat supplied.

Why should DWOSL be an “Energy Services Company (ESCo)”?

DWOSL could uniquely offer clients in Co. Donegal the option of an Energy Supply Contract (ESCo) on biomass (wood-fuel) projects. Under this model, the client enters into a long term contract (e.g. 10 years or more) to buy metered energy (paid by Kw/h) from DWOSL at a pre-agreed index-linked price.

DWOSL is in the unique position of entering the biomass (wood-fuel) ESCo's together with large clients, because it has already secured an extensive area (approx. 4600 ha) of forestry for vast quantities of biomass fuel supply which allows it to provide long term price and volume guarantees.

With an average annual growth of approx. 60,000 tons of timber the security of supply is guaranteed. DWOSL will be in control of the complete supply chain, from:

growing the trees → to harvesting → to processing and seasoning (Depot) → to delivering it to the client → to the heat conversion with gasification boilers at the client's site. In this way, we can easily guarantee the quality of the wood fuel and also a very economic price for the client.

Responsibilities for DWOSL

DWOSL assumes all responsibility for the design, financing, installation, operation and maintenance (including wood-fuel delivery and ash removal) of the biomass system at the client's site which means that there is no capital cost required on the part of the client who simply pays for the output of the system – i.e. cheaper greener energy – as he uses it.

The ESCo model is a low risk option that delivers energy cost savings and carbon emission reductions with no capital cost or operational responsibility.

Potential clients for DWOSL

Suitable applications for the ESCo model are those clients with a relatively constant heat load such as hospitals and nursing homes, schools, process plants (industrial/food/beverages/timber/etc.), Public Service Buildings and district heating for private-, public- or commercial buildings, and leisure facilities.

Progress so far ...

As far back as our AGM in 2008 some of our members requested to investigate the potential of supplying biomass energy (wood fuel) to heating systems of bigger buildings in Co. Donegal. Early 2010, the “Western Development Committee (WDC)”, requested the committee of DWOSL to put forward a proposal regarding that matter.

Based on this proposal, 3 members of the DWSOL committee were invited by WDC, along with Staff from Letterkenny Institute, FAS, HSE and Donegal County Council officials, to take part in a study tour to Scotland, to visit several sites where different ESCo's supplied heat mainly to Council- and School-Buildings. Since then, some of the participants are considering the possibility of changing their Buildings from oil heating system into a biomass (wood fuel) heating system.



The DWSOL business sub-committee and also the full Committee discussed the matter on different occasions and by now have formed the opinion to progress the idea further. More recently WDC and DWOSL had a further meeting and it is our understanding, that WDC would be keen to support a potential Cooperation between some potential clients and DWOSL regarding an ESCo contract.

Conclusions

To set up DWOSL as an ESCo will move our group into a far bigger dimension with increased responsibility and risks but also into a more secure market outlet for our timber with a maximised profit.



Finance has to be secured through all means... private, banks and grant-aid.

Also, these days, it is very important to mention, that as an ESCo, the DWSOL would need to increase the employment of harvesting-teams and heat supply- and operating teams;

therefore creating much needed jobs.

As this matter is serious, whether DWOSL should enter the ESCo market or not, the committee proposes to put this decision to the full membership at the next AGM early 2011.

Time to think!

Teagasc Growers group Conference – Cooperation to Compete

October 21st at Camphill Community, Ballytobin, Callan, Co. Kilkenny

Danny O'Donnell, committee member

On Thursday, 21st October, I and two other members of DWOSL attended the National Producer Group Conference, held in the Camphill Centre, Ballytobin, Callan, Co. Kilkenny. It was a well attended conference with representatives from 17 other Farm Forestry Producer Groups, Forestry Professional and members of the public. The DWOSL representatives set up display banners and a table with brochures and our newsletter.

The conference started on time, with a welcome from Frances McHugh, Teagasc Development Officer, who was one of the event organisers. The first speaker was Stef Vanlommel a Forestry Group Coordinator who spoke on the Belgian experience of establishing producer groups and the success it has been for the groups and for private forest owners. He mentioned that "It has not been easy as it takes time and commitment but is worthwhile in the long term". Next was Karsten Raae from Danish Forestry Extension who talked about international experiences with producer groups from a Danish point of view. Producer groups exist in Denmark since 1906 and a large percentage of private woodland owners are members in these groups.

In the afternoon Patrick Lydon of the Camphill Community, Callan, talked about the potential of wood energy for local producer groups. Patrick also introduced a company called CRESCO that has the intention to provide wood energy to the Camphill Community and in the near future to the nearby town of Callan. It is a plan that has a great deal of potential.

Later during the day we visited a local forest and met the owner and the contractor. They were felling and extracting timber from thinnings that is later used to produce wood chips for CRESCO. We then travelled to meet a farmer and his son who purchased a chipper to produce wood chips for energy. They have a contract with CRESCO to chip the dried wood from thinnings and to deliver wood chips of high quality to boilers in the local area, to produce heat and hot water. It is a system that has had its start-up problems, but these have been fixed over time and everyone is now happy with the way the project is proceeding.

Altogether it was an enjoyable and interesting day and it was good to meet other producer groups and private woodland owners. In my opinion Donegal Woodland Owners Society put on the best display and the Society was well represented by its members.

See Teagasc Forestry webpage for further details:

www.teagasc.ie/forestry/events/producer_group_conference_kilkenny.asp

Get Thinning in 7 Steps

Steven Meyen, Forestry Development Officer Teagasc

Timber prices have risen sharply in 2010 driven by sawmill capacity, increased exports by timber processors and growing demand from energy and other markets. This has provided a very welcome financial boost to forest owners who had made the decision to thin and –crucially- had the essential preparations in place. Even though prices have come back somewhat in recent months, potential thinning revenue of €200 - €600 /ha in fully stocked forests is still achievable. Thinning revenues will vary, depending on a wide range of factors such as plantation size and quality, access, proximity to market and proximity to neighbouring plantations. However, the focus of thinning operations should not be exclusively on short term profit as regular, well planned and controlled thinning in suitable conifer forests has the potential to increase their long-term value by at least €3,000/ha. It is essential to plan at least two years in advance of thinning. The following seven simple steps will help you prepare and undertake your first thinning operation:

1. Join the Donegal Woodland Owners Society: By joining this organisation, owners can achieve the economies of scale which will benefit the profitability of harvesting operations for all. The group can share information and plan a joint approach to harvesting and selling the timber. Grouped together, plantations become much more attractive to contractors and timber buyers as both the volume of work and volume of marketable timber increases substantially.

2. Open Inspection Paths: Access into dense conifer forests is essential from year 10-12 onwards. Cutting inspection paths makes your forest accessible so it can be assessed by a professional forester and potential timber buyers. Parallel inspection paths should be cut 50-100 metres apart by removing branches to head height on a double row of trees.

3. Prepare a Forest Inventory: Meike Siebel (forester with DWOS) can measure the trees and prepare a forest inventory for you. This can make the crucial difference to the successful outcome of a thinning operation and may have fundamental implications for future timber crop quality and returns. Assessment of the forest and collection of inventory data will determine issues such as health status, suitability for thinning, timing of thinning, road/loading bay requirements, volume to be removed and volume to remain after thinning.

4. Construct a Loading Bay/Forest Road: Loading of timber on public roads is illegal. An off-road stacking and loading area may be a minimum requirement for many smaller plantations and this may be sufficient without the need for road construction. Existing on-farm roads and hard surfaces should be used to the full where present. It may also be necessary to upgrade an existing road or construct a new forest road for larger forests. Road grants may be available for plantations where thinning is imminent. A co-operative approach to forest road planning can be very advantageous.

5. Get a Felling Licence: Before a thinning can take place it is necessary to obtain a Felling Licence as required under the 1946 Forestry Act. A General Felling Licence, issued by the Forest Service, covers tree removal prior to road construction and forest thinning. This form can be downloaded from the Teagasc Forestry website: www.teagasc.ie/forestry.

6. Secure a Market: Potential timber buyers should be notified well in advance of upcoming timber sales. This will provide the opportunity to inspect the forest, its timber quality and harvesting options. The Donegal Woodland Owners Society's group structure will attract timber purchasers. Online marketing of timber sales is a very effective way of doing business and is becoming popular. A good example is the Wood Energy Shop of the County Clare Wood Energy Project (www.ccwep.ie/WoodEnergyShop.asp).



7. Agree a Strong Sales Contract: Timber prices and harvesting terms and conditions should be agreed in advance of harvesting and a contract of sales drawn up. Important issues include timing of thinning, payment schedules, insurance, liability for damage and recording of timber loads leaving the forest. A professional forester should be retained to assist in timber marketing and control of the thinning operation as it proceeds.

And Finally...

It is difficult to predict timber prices into the future as timber is globally traded and prices are subject to many factors. However, timber prices are cyclical in nature and there has been a strong upward trend over the last 20 years. Forests have a distinct advantage over other farm crops in that there is flexibility in the final harvest date. This flexibility only applies to forest crops that have been first thinned at the appropriate time, helping to minimise the risks of instability or wind damage. As the forest reaches maturity, owners can keep a close eye on the market and choose to harvest when timber prices are strong. Sound forest management will therefore be well rewarded in the future.

Contact Steven Meyen on 087-6775158 or visit www.teagasc.ie/forestry for further information.

MEMBERS CORNER

Shouting from the Tree Tops

Diversification

A chara,

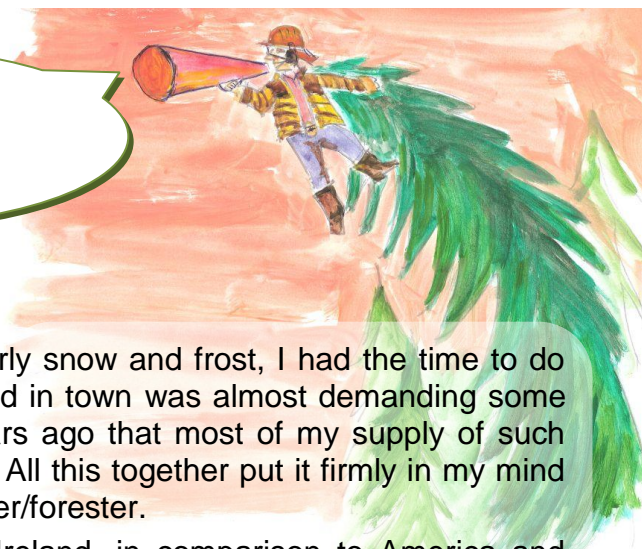
In the weeks leading up to Christmas, with the advent of early snow and frost, I had the time to do more forest walks and to 'surf the net'. Also a business friend in town was almost demanding some Christmas trees from me although I had told him some years ago that most of my supply of such trees were gone and what was left was reaching for the sky. All this together put it firmly in my mind that there are opportunities there for the forward looking farmer/forester.

The Christmas market is hardly being met in this part of Ireland, in comparison to America and Europe. True, there are different cultures and traditions in far off places, but the internet and sheer commercialism has brought many new traditions in to this country. Craft markets and continental markets are now part of the scene in Derry and Belfast, if not yet in Dun na nGall. Yule logs, holly wreaths, pine cone decorations and miniature trees for gardens are now all very marketable items. The crafts enthusiasts are always on the lookout for foliage and logs for their trade. Pine is important, holly no less so and logs of silver birch are often used for decorating and made into candle stands.

Anyone planting soon or who still has some 'spare' or rough ground could do worse than consider adding in a holly/ birch mixture for future use. I do not know if this opens up possibilities for the Co-op but some promotion of homemade seasonal items from our woodlands and forests can do no harm. If these items can be imported and sold at a profit, then surely we can do a little bit towards import substitution and have wood based crafts made at home.

Deireann an gaeilge 'Ní neart go cur le chéile', agus tá sin de dhith againn faoi láthair. (Irish tells us that 'there is strength in unity', and we certainly need that standing together at the present time).

Gerry Sona, Member DWOSL



Biodiversity in Conifer Woodlands

Clive Evans, Member DWOSL

A view commonly expressed is that our mono-culture woodlands are ugly and contribute little or nothing to the ecology of the area. I can concur with the opinion that too much of the planting was done without sympathy neither for smooth contours nor with an eye for beauty although these aspects of new afforestation are taken into account much more nowadays. I take exception to the second part of the criticism.

My own woodlands, almost all conifer today – my 20% planting of deciduous trees destroyed more than once by sheep and then deer – were established some twenty years ago on open and cutaway bog. The wildlife then was the occasional hare, passing fox and badger and small bird life in the heather. Today, the fox and badger still travel the land but share the landscape with first the pine marten that have moved into the area and, in 2010, the red squirrel arrived. This has been confirmed in my own woods and is accompanied by sightings in surrounding woodlands just a little younger



than mine. The Wildlife Service confirm that this is the first recorded find of the red squirrel in southwest Donegal – thanks to the conifer woods that support them. Additionally, otter have been found in the upper reaches of the Eany Beg River which borders my woods: woodcock are there and there is a marked rise in the presence of pheasant. Raptors are more frequent nowadays which indicate that their prey is more abundant – a field mouse made its way into my oat bin recently!

So not only are my woods warming five human homes today, but they also provide homes for many other creatures in the townland of Letterfad.

Check out our WEBSITE:

www.donegalwoodlandowners.com

for upcoming Field Days & Seminars in the new year!

The Webpage is continuously updated.

The next AGM will be held at Thursday, 31st March 2011

– Venue to be announced soon.

Wishing you a Merry Christmas
and a Happy New Year!



Donegal Woodland Owners Society Limited cannot accept any responsibility for opinions or information contained in this Newsletter
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THE DEPARTMENT OF
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