



May 5, 2013

Great Lakes Forest - Pellet Industry Supply Chain*
Questions Arising from WI State Energy Office sponsored Discussion
Meeting April 18, 2013 at Rhinelander

- 1. Purpose: Consider how pellets might contribute to:**
 - Long term goal, more sustainable, competitive density on CN/WC lines; and
 - A 5-year, prioritized strategy moving toward the long term goal.
- 2. Are pellet producers obtaining most suitable, lowest cost fiber?**
 - Increasing harvest/production increase optimum fiber for pellets?
 - Potential cost reduction from optimized rail density/rates across region?
 - Increased domestic demand, lower cost production for export?
- 3. SC view – Stimulate local & other domestic demand for pellets for heating?**
 - Communities off-grid, pellets competing with fuel oil, LP, electric not NG?
 - Communities on/near CN/WC rail, other CN single line, other rail?
 - Schools, other public buildings, anchor development of local demand?
 - Extend local demand, private commercial and residential conversions?
 - Public funding sources?
 - Energy, agriculture, transportation, development agencies/groups?
 - Emissions reduction, SC & consumer? Smartway, other recognitions?
- 4. Potential synergies, increasing pellet demand, fiber sourcing, with:**
 - Developing network, flex landings & multipurpose storage & transloads?
 - Mini-hubs for transloading public & private commodities? *E.g.:*
 - Salt and other roadway building/maintenance;
 - Ag and forest products, raw and finished, other bulk commodities;
 - Remote intermodal (see “Remote & Intermodal Terminal Strategy?”)?
- 5. Railcars and ancillary equipment and facilities, access incentives?**
 - Railcar types, multipurpose? Captive, optimum turns?
 - Industrial spur track? Shared facilities? Public and/or private partnering?
 - Lift, loading and unloading? Equipment and fixed facilities?
 - Sources of joint funding? Tax credit potential?
 - Road weight incentives connected with transload/rail participation?

* The perspective of this outline is specific to pellets from Great Lakes Forest fiber (CN/WC lines in WI, UPMI and northern MN). Some elements may apply to pellets from other fiber sources.