

Full Proposal

Full Proposal Details
Full Proposal # :FC0000489
Full Proposal Status : FP Received

Project Information

Terms and Conditions

To review the terms and conditions click [here](#)

Project Information

Project Title:	Full Forest Utilization - Kootenay/Okanagan Region	Project Country:	Canada
Primary Purpose:	Forest Carbon	Project Location - State/Province:	British Columbia
Project Start Date	01/01/2019	Postal Code	V1N 3H9
Project Completion Date	12/31/2021		

Contact Information

Principal Contact Information

Principal Contact Name:	Stan Hadikin	City	Castlegar
Country	Canada	Postal Code	V1N 3H9
Province	British Columbia	Proponent's Organization	zellstoff celgar LP
Contact Email	stan.hadikin@celgar.com	Contact Phone	250-365-4235
Contact Address	Box 1000, 1921 Arrow Lakes Drive		

Project Details

Project Description

Full Proposal Number	FC0000489
Full Proposal Upload (PDF)	
Region	Kootenay Boundary Region Thompson Okanagan Region
Resource District	Selkirk District Arrow Boundary Forest District Columbia Forest District Kootenay Lake Forest District Rocky Mountain District Okanagan Shuswap District
Management Unit:	TFL 03 Little Slocan TFL 08 Boundary TFL 23 Arrow Lakes TFL 49 Okanagan TFL 55 Selkirk TFL 56 Goldstream TFL 59 Inkaneep TSA 01 Arrow TSA 02 Boundary TSA 05 Cranbrook TSA 07 Golden TSA 13 Kootenay Lake TSA 22 Okanagan TSA 27 Revelstoke TSA 45 Cascadia Community Forest Woodlot

Project Site Location:	Full utilization project FC0000489 will be administered from Zellstoff Celgar's office in Castlegar. This project covers a wide ranging fibre recovery zone for the company. The actual locations of full forest utilization will be site specifically administered once the program is fully implemented. Normally, full forest utilization is applied at a cutting authority (cutblock) or road permit level. The extent of fibre recovery is provided on Celgar's attached location map. The map identifies the Timber Supply Areas and Tree Farm Licenses that are covered by the application. Only crown forests will be covered by this application.
UTM Zone	11U
UTM Easting	449956
UTM Northing	5464574
Location Map and Spatial Data File Attachment	Celgar_Fiber_Recovery_Zones.pdf
BEC Variant(s):	PPBG, IDF, ICH, ESSF, MS
Project Description:	<p>Across the Celgar Fibre Recovery Zone, where the company currently sources pulp roundwood, significant volumes of usable fibre continues to be wasted/burned during harvesting activities by suppliers of the fibre. Over the years, Celgar has worked hard to improve utilization of low grade fibre supplies and has been very successful in securing what our company deems to be "traditional pulp roundwood". Traditional pulpwood is simply defined as meeting the following specifications - long log (>16' lengths), large piece size stems (>4" tops) that do not meet sawlog grade definitions. As fibre supplies have tightened, Celgar has turned company attention to further improving utilization by securing fibre profiles from locations that have historically fallen outside of the company program (i.e. North Kootenay Lake, North Arrow, North Columbia, and East Kootenay) or securing the lowest grade pulp components that are not normally shipped as traditional pulp (top logs, long butts). The company is actively focussed on making an incremental step gain in utilization and has worked with local government and industry to define the challenges and implement solutions to achieve full forest utilization. The premise behind this FESBC application is to provide incentives to suppliers to utilize fibre supplies that would normally be wasted at the cutting authority level. There are two instances where the FESBC funding can be applied. 1. Full Forest Utilization Bonus. In these circumstances, Celgar will enter into a pulpwood purchase agreement at current market pricing (price X). Celgar will then make a supplemental offer to the tenure holder to provide a retroactive bonus of up to \$5/m3 (price Y) provided that the supplier can employ full forest utilization harvesting to deliver clean harvesting for the site. This will require multiple site visits by Celgar to ensure that harvesting activities are meeting the full forest utilization expectation. At the end of the harvest, if the Celgar buyer is satisfied that the supplier has achieved full forest utilization, then a retroactive payment will be remitted to the supplier (Price X + Price Y). If the supplier does not achieve the desired utilization requirement, then payment will be set only at Price X. The concept behind this proposal is to incent suppliers to utilize fibre to the maximum site potential. This concept will not be able to be applied in all locations of the fibre recovery zone due to logistical challenges such as marine towing and trucking challenges. 2. Reach Pricing. In some instances, Celgar's market values for the top decile purchase of fibre supply still cannot effectively secure traditional pulpwood due to the high cost of a supplier's operations. In these circumstances, the supplier will choose to destroy the pulpwood, deeming it uneconomic to utilize. High costs are factors of transportation distance, transportation logistics, stand types, and harvest systems. In these scenarios, Celgar will offer the highest marginal price for fibre in the top decile of purchases (Price A). If the price cannot secure the pulpwood, then Celgar will offer an FESBC bonus of up to \$20/m3 (Price B) to secure the fibre that would normally be wasted. In both circumstances, pricing mechanisms will be assessed on a quarterly basis to ensure that FESBC bonuses are adjusting to market price fluctuations. FESBC funding mechanisms will be solely for the purposes of securing incremental pulp fibre that would not have normally moved given Celgar's regular purchase pricing. It should be noted that any incremental fibre supplies will not be used to supplant existing pulp fibre supplies. If a fibre source does need to be substituted out from Celgar's fibre acquisition program due to an instance of over-supply, then Celgar will shed sawlog fibre supply before shedding pulpwood. Regardless of market perceptions, Celgar is in a position of increasing fibre demand as the mill is expected to consume incremental fibre volumes annually as the mill transitions to a 530,000 tonne facility. This is identified below: 2019 - 40,000 m3 of incremental fibre demand 2020 - 108,000 m3 of incremental fibre demand 2021 - 209,000 m3 of incremental fibre demand 2022 - 314,000 m3 of incremental fibre demand Additionally, Celgar intends to utilize this pricing model in all of its yard locations including Castlegar, Lumby, OK Falls, Midway, and Yahk. The full forest utilization process 1.0 will not be able to be used in any of the lake dumps utilized by Celgar pulp.</p>
Project Keyword:	Full Forest Utilization
Attach Additional Information	
Is an existing tenure already in place?	No
If no, then please identify the proposed tenures and/or authorities required to complete work.	Because of a lack of tenure options, Celgar has always relied on outside suppliers to provide the company with the necessary roundwood requirements for the pulp facility. This application is intended to provide Celgar with an opportunity to incent all crown tenure holders within the fibre recovery zone to innovate toward increased levels of utilization. Understandably, FESBC is not expected to exist beyond 2021; however, it is hoped that the innovations afforded by the 3 year program will sustain a lasting effect on utilization improvements beyond 2021.
Will your project create a silviculture obligation?	No
If yes, who will hold that obligation?	N/A

Is this project located in the Wildland Urban Interface?	No
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Project Activities and Objectives

Project Activities	Biomass Utilization Trucking
FESBC Purposes	Recovery of fibre (lumber, pulp, pellets, energy, etc.) Opportunities to attain carbon benefits
Describe how the project will achieve the specified purpose(s).	The objectives of fibre recovery and attainment of carbon benefits are intertwined. Celgar can demonstrate that increased levels of utilization on what would normally be considered waste volume will reduce burning (and the associated negative health effects of the activity) and avoid the immediate release of carbon into the atmosphere associated with the burning of wood wastes. Additionally, it should be noted that by increasing utilization of what would be traditionally wasted fibre supplies, Celgar will be given an opportunity to shed the acquisition of sawlog grade materials, thereby redirecting the sawlogs to a solid wood facility for manufacture into solid wood products rather than pulp. From a carbon standpoint, the carbon benefit of producing solid wood products is much greater than converting a sawlog into pulp, effectively sequestering the carbon for a much longer period of time than a pulp product could provide. The freeing up of sawlog grade material also provides an opportunity to sawmills to acquire new fibre supplies which is important in a declining timber supply environment.
Identify the repository for the final deliverables	Zellstoff Celgar Pulpmill - Castlegar
Utilization of Wood Fibre	
If applicable, indicate use of removed fibre or non-burning waste management practices.	In the production of pulp, Celgar has two primary sources of pulp fibre - sawmill residuals and pulp roundwood. Because the production of sawmill residuals in British Columbia are capped by declining allowable cuts, the company is becoming more focussed on the acquisition of pulp roundwood to supply the facility. Currently, roundwood supplies constitute 30% to 40% of fibre needs on any given year. By targeting full forest utilization (essentially the entire bole of a harvested tree from stump to 1" top), the company can acquire this fibre in any of its facilities for use in the production process. The only product of forest harvesting that Celgar is unable to utilize at this time is the hog portions of the biomass materials (stumps, branches and needles).
Describe your plan for residual fibre treatment (e.g. burn, or bulldoze/chip/grind and leave to decay).	A successful utilization program supported by FES will minimize the amount of fibre that will be wasted at a logging site. Celgar's goal to incent producers to utilize the bole of the tree will limit the amount of hog quality residuals to be left on site. Currently, Celgar is unable to utilize hog grade materials so these components will still need to be managed by the primary tenure holders through burning, chipping, or site re-distribution. An effective site utilization program can minimize the overall residual waste by factors of 10 to 90% depending on the current utilization practices of the tenure holder.
Will the treatment involve broadcast burning to create plantable spots?	No

Work Standards and Development Status

Applicable Work Standards:	This program aligns fully with existing government programs as it is targeted toward removing residuals on a concurrent harvest program, whereby the primary tenure holder adjusts the harvest program and focusses on full recovery of pulp grade materials (base of tree to rat-tail top). Any remaining waste would be comprised of non-pulp grade materials (stumps, broken wood under the minimum acceptable length of 8 feet, branches, and needles). This proposal is fully aligned with existing methodologies and legislative requirements of government.
Has a variance to the above listed standards been requested?	N/A
If yes, please describe the variance request.	N/A
Where government work standards are not available, please upload an auditable workplan. A template can be downloaded in the application template section above.	
For reference, Ministry Activity Standards can be located at the following URL: http://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/land-based-investment/forests-for-tomorrow . You can also find the link in the Information menu.	
First Nations information Sharing:	The District Manager will have accepted First Nations Information Sharing as part of Cutting Authority Issuance.

Development Status:	Cutting Authorities and Road Permits will have been authorized by the District Manager as part of the routine cutting authority issuance processes.
If available, please upload approved prescriptions and treatment maps for this project.	
Will this project (or a part thereof) be tendered?	No
If yes, please indicate the % of the project value tendered.	0%
Is your company SAFE certified?	No
If you answered no to the above question, please describe how you will ensure safe working conditions for this project.	Our program does not require SAFE Certification as it is an administrative program rather than an operational process.
Are any of the activities a legal obligation of a tenure.	Yes
If yes, then please explain how the project will manage the obligation separate from FESBC funding.	Increased utilization falls entirely under the normal terms of a cutting authority or road permit. The FESBC funding will be an administrative mechanism to encourage improved utilization within Celgar's Fibre Recovery Zone.

Alignment with the Land Manager's Priorities.

For utilization projects submitted under Intake 5a, this section is not required.	
Explain how you have engaged with the appropriate government land manager to understand the Land Manager's priorities.	N/A
Describe how the project aligns with the Land Manager's strategic planning and/or integrated investment planning.	N/A
Describe any feedback or concerns from the Land Manager.	N/A
Attach copies of any correspondence from the Forest District.	

Partnerships

Will this project be receiving funds from another organization?	No
If yes, summarize any contributions from other funding sources, including in-kind contributions.	N/A
If applicable, describe how the project will coordinate with FFT or other initiatives within the Timber Supply Area.	N/A
Describe any partnerships with another organization or agency?	N/A
Please upload any correspondence or supporting documentation.	
Is this a First Nations Organization?	No
Indicate if this proposal is being submitted on behalf of another organization. If so, then identify the organization and the proposed role of each organization for implementing the project.	N/A
Indicate if the intended delivery of the project(s) will involve one or more other organizations. If so, then identify the organization(s) and the proposed role of each organization for implementing the project.	N/A

Road Construction and Road Upgrades

Road Construction, including Road Upgrades	
Planned Road Construction Length (km)	-

Planned Road Construction Width (m; if >20m)	-
Biomass removed and burned from ROW (tonnes)	-
Road Deactivation	
Will the road be reforested following deactivation?	
Planned Road Deactivation Length (km)	-
Planned Road Construction Width (m)	-
Please attach road development plan/ deactivation plan/ planting prescriptions	

Summary Report Attachments

Summary Reports	
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Project Cost And Funding

Total Project Funds

Total Funds Contributed by the Proponent	Total Funds Requested from the Program
\$0.00	\$3000000.00

Planned milestone & task

	2018/19	2019/20	2020/21	Total
Output Category				
Biomass Utilized, Not Burnt (m3)	150000.00	200000.00	250000.00	600,000.00

Funds Requested from FESBC

	2018/19	2019/20	2020/21	Total
Start Date	01/01/2019	01/01/2020	01/01/2021	
End Date	12/31/2019	12/31/2021	12/31/2021	
Cost Category				
Material	\$0.00	\$0.00	\$0.00	\$0.00
Recipient Labour	\$0.00	\$0.00	\$0.00	\$0.00
Contracted Material/ Labour	\$750000.00	\$1000000.00	\$1250000.00	\$3,000,000.00
Equipment Charges	\$0.00	\$0.00	\$0.00	\$0.00
Project Supervision/ QA	\$0.00	\$0.00	\$0.00	\$0.00
Administration	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$750,000.00	\$1,000,000.00	\$1,250,000.00	\$3,000,000.00

Sources of Cash Funding ^{*}

Source Type	Name of Organization	Status	Amount
Proponent Contribution	Zellstoff Celgar LP	Confirmed	\$120,000,000.00
Amount Applied For	FESBC	Applied For	\$3,000,000.00
		Total:	\$123,000,000.00

Project Cost by Task

Activity *	Start Date	End Date	Funds Requested from FESBC	Funds contributed by Applicant	Funds from Other Sources	Total
Implement Bonus Plan on Clean Utilization	01/01/2019	12/31/2019	\$750,000.00	\$40,000,000.00	\$0.00	\$40,750,000.00
Continue Bonus Plan on Clean Utilization	01/01/2020	12/31/2020	\$1,000,000.00	\$40,000,000.00	\$0.00	\$41,000,000.00
Continue Bonus Plan on Clean Utilization	01/01/2021	12/31/2021	\$1,250,000.00	\$40,000,000.00	\$0.00	\$41,250,000.00
					Total:	\$123,000,000.00

Project Status

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FP status:	FP Received
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Reviewer score Table

Reviewer	IIS Reviewer Comments	Description/Instructions	Max Score (note scoring is optional)	Comments	Score	Updated On
Brian Watson	Forest Carbon Review (FLNRORD)	Please provide comments pertaining to the proposed benefits towards reduction of GHGs and/or carbon sequestration. Indicate if the proposal will support overall achievement of Provincial carbon objectives.	0	High - \$9.79 this project has the potential to avoid 306,368 tonnes of CO2 emissions. An innovative approach to utilize logging waste material for pulp using both full utilization incentives and the incremental haul concept. The pulp mill is promoting increasing demand over time, this district is identified as the provincial leader in utilization, both of these facts suggest the project could be successful long-term. Application of this proposal could be provincial wide if it works. Defining the baseline through examination of the past economics or markets is important to determine where incrementality is defined and thus carbon eligibility is achieved.	1.00	12/17/2018 03:29:25 PM

Change History

Change History

Change History

FP Status	User	Date
Draft FP	Stan Hadikin	11/15/2018 10:38:12 AM
Draft FP	Stan Hadikin	11/15/2018 10:53:13 AM
Draft FP	Stan Hadikin	11/15/2018 10:55:17 AM
Draft FP	Stan Hadikin	11/15/2018 11:00:22 AM
Draft FP	Stan Hadikin	11/15/2018 12:34:29 PM
Draft FP	Stan Hadikin	11/15/2018 12:36:47 PM
Draft FP	Stan Hadikin	11/15/2018 01:01:52 PM
Draft FP	Stan Hadikin	11/15/2018 01:06:52 PM
Draft FP	Stan Hadikin	11/15/2018 01:07:30 PM
Draft FP	Stan Hadikin	11/15/2018 01:07:32 PM
Draft FP	Stan Hadikin	11/15/2018 01:08:37 PM
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Draft FP	Stan Hadikin	11/15/2018 03:24:51 PM
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Draft FP	Stan Hadikin	11/27/2018 02:34:29 PM
FP Submitted	Stan Hadikin	11/27/2018 02:35:36 PM
FP Received	Brian Watson	12/17/2018 03:29:25 PM