

Forest Sustainability Fact Sheet

To ensure the sustainability and stewardship of forest ecosystems in the collection of biomass, GREC and GRU devised the following plan:

1. **Minimum Fuel Procurement Standards.** These exist as a contractual obligation within the Power Purchase Agreement (PPA) between GRU and Gainesville Renewable Energy Center, LLC (GREC). All forest-produced biomass purchased by GREC must comply with the Minimum Sustainability Standards. These were designed to assure that sustainable forestry/natural resource management practices are applied to the fuel supply.
2. **Financial Incentives.** Landowners who demonstrate substantively better forestry practices through involvement in selected Forest Certification Programs will receive a bonus payment for their materials.

Minimum Fuel Procurement Standards

These minimum sustainability standards are an enforceable part of the wholesale power contract between Gainesville Regional Utilities and Gainesville Renewable Energy Center. Under this contract GRU has the ability to inspect and audit all aspects of fuel procurement, and failure to comply could result in contract default with potentially severe consequences for GREC LLC.

1. GREC will retain two professional foresters to manage the biomass fuel procurement.
2. Biomass fuel procurement must be managed with the following general goals: promote forest health, provide for long-term forest productivity with reforestation, protect forest resources from threats such as wildlife, pests and diseases, safeguard critical water, soil and habitat resources and apply an ecosystem perspective to preserve biological diversity.
3. Fuel must be harvested in compliance with the Florida Department of Forestry's **Silvicultural Best Management Practices**.
4. GREC shall not utilize biomass fuel harvested during the conversion of a natural forest to a plantation forest.
5. GREC shall not utilize biomass fuel harvested from a legally designated conservation area unless specifically permitted in the applicable conservation easement or agreement. This does not preclude the use of biomass fuels harvested from publicly owned lands where such harvesting is compatible with the management goals and objectives.
6. Stumps shall not be used as fuel except to the extent that such stumps are harvested according to a written contract accompanied by a written statement from a certified professional forester that the harvesting of the identified stumps is desired for ecological and environmental reasons.
7. GREC shall not utilize fuels from non-native species identified as invasive by the Florida DEP unless being harvested as part of a forest or ecosystem restoration program.
8. GREC shall require landowners contracting to supply biomass fuel to replant harvested tracts within three years as a condition for renewing supply contracts from those tracts after harvest.
9. GREC shall require its biomass fuel suppliers to attend an annual sustainability and best practices seminar organized by Seller's procurement staff.
10. GREC shall only utilize biomass fuel that is harvested in compliance with the Florida Endangered and Threatened Species Act (s.379.2291), the Florida Endangered Species Protection Act (s.379.411), the Preservation of native Flora of Florida Act (s.581.185) and the Federal Endangered Species Act (ESA) of 1973 (16 U.S.C. 1531-1544) as well as any other state's applicable endangered and threatened species regulations.



Other enforceable fuel provisions incorporated into the text of the PPA

- ✔ An independent forestry consultant will conduct annual audits of compliance with the Minimum Sustainability Standards. The consultant shall conduct inspections and visits to a randomly selected sample of harvesting sites no less than twice per year.
- ✔ GREC shall institute a documentation policy to ensure that biomass fuel suppliers comply with biomass fuel supply contract terms:
 - Supply contracts for forest-produced biomass fuel shall incorporate the Minimum Sustainability Standards for Forest-Produced Fuels and suppliers shall agree to compliance with these standards.
 - Each supply contract must be signed by a professional forester representing the fuel supplier.
 - Each delivered load of biomass fuel must be labeled by unique identification number corresponding to the supplier ID, contract ID, tract ID, crew, transport, date and time and be accompanied by a manifest signed by the harvesting foreman and driver listing such information. If possible, GREC, LLC will seek to use electronic media to increase the accuracy of information.
 - GREC procurement staff will record the delivery identification information.
 - GREC procurement staff will sample at least 10% of all delivered loads to assure compliance with the minimum standards.
 - Suppliers will keep on file harvesting contracts, cutting agreements, and other related documents for each harvested area and these files shall be available for inspection by Seller for a period of three years following harvest.
 - GREC procurement staff will conduct semi-annual inspections of all suppliers to verify compliance with the project record-keeping procedures and harvesting practices.
- ✔ GREC shall reject non-complying deliveries of biomass fuel.
- ✔ GREC shall suspend deliveries from a biomass fuel supplier for a period of no less than one year if the supplier is found to be in non-compliance in three separate instances within any one-year period.

Gainesville Regional Utilities Stewardship Incentive Program

GRU's Forest Stewardship Incentive Plan is the first utility sponsored forest stewardship incentive program in the United States.

Landowners whose forests are actively enrolled in independent party Forest Certification Programs are able to receive a financial incentive. These Forest Certification programs entail their own minimum standards, property inspections and reviews that are more stringent than most "Best Management Practices" and reflect a financial and time commitment by the landowner. The currently eligible programs and associated premium levels are below.

- a. Division of Forestry Stewardship Program – \$0.50/green ton
- b. Forest Stewardship Council – \$1.00/green ton

For Complete Forest Stewardship Plan

The full text of the Forest Stewardship Incentive Plan (including Certification Programs) is available on GRU's web site: <http://www.gru.com/Pdf/futurePower/ADOPTED%20April%202009%20Forest-Produced%20Biomass%20Fuel%20Plan.pdf>