

FREQUENTLY ASKED QUESTIONS (FAQS)

January 2025

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- Environment
- Economic Development

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Q1. Who is Golden State Natural Resources (GSNR)?

GSNR is a California nonprofit public benefit corporation established by rural counties in the state to address the urgent issue of catastrophic fires from overgrown and under-managed forests.

GSNR was created as a joint initiative of Golden State Finance Authority (GSFA) and the Rural County Representatives of California (RCRC). GSFA is a governmental entity that has led numerous project financing efforts within California and provided the initial startup funds for GSNR. RCRC is a forty-member county service organization that champions policies on behalf of California's rural counties. The Board of Directors for both GSFA and RCRC are comprised of elected County Supervisors from each of its member counties. The work of GSNR is directed and overseen by the GSNR Board, which consists of elected County Supervisors responsible to the GSFA and RCRC Boards.

Q2. Are any of the RCRC or GSFA member counties financially responsible for GSNR's costs and expenses?

No. While the forty-member counties of RCRC and GSFA provide governance and oversight of GSNR's activities, no financial responsibility is incurred by any member county or its taxpayers.

Q3. Why is forest resiliency work so important?

California's forests are experiencing longer fire seasons, drought, invasive species, tree mortality, climate change, and the consequences of a century of unnatural fire suppression. The result is overgrown and under-managed forests that have led to an excessive amount of fuel to burn when a fire ignites. This accumulated fire fuel presents a growing danger to life and property, and the state's natural resources.¹

To tackle this growing threat, researchers point to a greater emphasis on proactive fuel reduction and increased forest resilience. Professionals in the industry in Northern California expertly highlight the need for forest resiliency work with supporting research in their commentary to the *Plumas News*².

Additionally, reports from The Nature Conservancy and Aspen Institute³ and the Centre for Climate Justice at the University of British Columbia⁴ emphasize fuel reduction projects as an important solution to improving forest resilience and the need for public private partnerships to advance this work at the large scale required.

However, with limited outlets and uses for this vegetation overgrowth, many forest health projects are unable to succeed in removing this material. GSNR directly addresses this critical need by creating a sustainable and economically viable use from the generated woody biomass.

¹ <https://www.srta.ca.gov/DocumentCenter/View/4764/CAL-FIRE-Community-Wildfire-Prevention--Mitigation-Report>

² <https://www.plumasnews.com/where-we-stand-forest-management-needs-to-happen-at-much-larger-scales/>

³ https://www.aspeninstitute.org/wp-content/uploads/2023/03/Wildfire-Resilience-Roadmap_DIGITAL-1-1.pdf

⁴ https://www.climateandcommunity.org/_files/ugd/d6378b_2a9170a48b954886811469e29291ddaf.pdf

Q4. How will GSNR's forest resiliency project work?

GSNR's proposed forest resiliency project will source woody overgrown vegetation from sustainable forest management projects within public forests and private timberlands and then process that material into wood pellets at two processing facilities, one in Tuolumne County and the other in Lassen County. The finished pellets will then be transported by covered rail cars to the Port of Stockton and shipped internationally for use in energy production, including as a replacement for coal burning.

Q5. What type of woody biomass will be collected and where will the material come from?

With forest resiliency as GSNR's primary objective, the sources for any woody biomass used by GSNR will be required to comply with stringent "guardrails" – i.e., measures to ensure that GSNR's biomass procurement activities meet the highest environmental standards.

Unlike methods used in other parts of the country, GSNR's forest management activities will be more selective, targeting overgrown areas while limiting the impact to healthy native tree stands. The type, size, and amount of woody biomass removed and utilized by GSNR would all be conducted in accordance with strict environmental standards and state and federal law. This process will also be conducted with the guidance of forestry experts and under strict regulatory oversight.

GSNR will also selectively source feedstock from otherwise unmerchantable residual material generated by third-party timber harvest and forest management operations. This material is currently often burned in place, or left to decay causing fire risk. Only operations meeting heightened environmental standards, including completion of CEQA, NEPA, or similar review, will be eligible to supply residual feedstock to GSNR.

GSNR's forest management projects and residuals procurement will be subject to extensive constraints and project design features to minimize the possibility of environmental impact. These include restrictions on both the locations from which material may be removed (e.g., excluding wild and scenic rivers and roadless areas), and the manner in which removal operations are conducted. These measures are described in detail in Chapter 2 of the Draft Environmental Impact Report for the project.

Feedstock would be sourced from public forests and privately owned timberlands within a defined working area surrounding each of the two facilities. See image below.



Q6. Has GSNR considered what this project would mean for other smaller businesses that rely on feedstock coming from the project areas?

Due to the vast accumulation of biomass in California’s forests and the type of feedstock material proposed for use by GSNR (i.e. selectively source feedstock from otherwise unmerchantable residual material), GSNR’s project is designed to not interfere with existing feedstock supply users. Feasibility studies have shown that the challenges faced in feedstock procurement are not the result of inadequate biomass, but rather a lack of resources to access the feedstock. To this end, GSFA is currently in discussions with existing feedstock supply users in the industry to aid in the development of additional forest treatment projects in accordance with GSFA’s Master Stewardship Agreement (MSA) with the United States Forest Services (see Question 12 for details on the MSA).

Q7. How will the pellets be transported? How many ships will the project require?

Wood pellets will be transported by covered rail cars from the pellet facilities in Lassen and Tuolumne counties to the Port of Stockton. From the facility in Lassen County, 70 unit trains (100 rail cars per unit train)

will travel to the port each year at a frequency of one train every 4 to 5 days. From the facility in Tuolumne County, GSNR will utilize 12 to 14 rail cars on existing unit trains traveling to the port, totaling an equivalent of 30 unit trains per year.

Approximately 29 deep draft ship vessels will be utilized each year at the Port of Stockton.

Q8. How many jobs will the project generate?

GSNR's project will create living wage employment opportunities, aiding economic growth in the proposed project site communities. Once operating, estimated new jobs created by the project are 8 full-time jobs in Stockton (in addition to the stevedores required during ship loading), 55 full-time jobs in Tuolumne, and 65 full-time jobs in Lassen as well as multiples of that number in supply chain jobs such as trucking (at the pellet facilities) and in-forest workers. Additional jobs will be available during facility construction at each of the project sites.

Q9. What are the benefits?

Reduced Wildfires, Improved Forest Health and Increased Public Safety

Since 2020, wildfire has burned over 8.5 million acres in California. These fires have destroyed lives and property, threatened the flora and fauna that inhabit our forests, and reversed nearly two decades of greenhouse gas reductions in California. The smoke impacts from wildfires such as these are also a growing health risk across the United States, increasing in frequency and the number of people exposed.

By removing accumulated biomass, the potential for catastrophic wildfires in California is reduced, thus increasing public safety in rural communities; protecting property, critical infrastructure, and the natural habitats that surround them; as well as reducing smoke-related air quality issues and enhancing watershed performance.

GSNR's proposed project would also complement and help to advance the wildfire and forest resiliency targets called for by the State of California and the United States Forest Service.

Environment

Wildfire smoke is a mixture of hazardous air pollutants, and in addition to contaminating the air with toxic pollutants, wildfires also simultaneously impact the climate by releasing large quantities of carbon dioxide and other greenhouse gases into the atmosphere. The greenhouse gas reductions achieved by California over the past two decades were wiped out by California's 2020 wildfire season, which emitted nearly twice that amount in harmful emissions.⁵

Removing excess biomass from the forest can help reduce risk of catastrophic fire, thus reducing the greenhouse gas emissions and toxic wildfire smoke they produce. This work also creates the conditions that will result in a forest ecosystem more closely resembling the forests' natural status prior to climate change, disease, and unnatural fire suppression threw California's forests into crisis.

Wood pellets are considered a renewable energy source by California, United States and international entities and many countries around the world that are currently reliant on coal are using wood pellets as part of the transition to cleaner energy sources. The wood pellets created by GSNR will therefore serve as a renewable energy resource that could either co-fire or replace coal-fired power plants, helping to

⁵ <https://www.latimes.com/california/story/2022-10-20/california-wildfires-offset-greenhouse-gas-reductions>

advance climate change carbon reduction goals.

Economic Development

GSNR's project will create living wage employment opportunities, aiding economic growth in the proposed project site communities. Once operating, estimated new jobs created by the project are 8 full-time jobs in Stockton (in addition to the stevedores required during ship loading), 55 full-time jobs in Tuolumne, and 65 full-time jobs in Lassen as well as multiples of that number in supply chain jobs such as trucking (at the pellet facilities) and in-forest workers. Additional jobs will be available during facility construction at each of the project sites.

GSNR has established contracts with trade organizations and industry businesses to perform pre-planned, best practice forest treatments and to transport the woody biomass to the processing facility, providing for additional jobs and economic development. Additionally, GSNR plans to partner with community colleges to train or upskill local students to perform in forestry and transportation jobs and will help promote the expansion of broadband infrastructure and other public services and benefits to nearby communities.

To ensure the availability of an adequate skilled construction workforce, GSNR has entered into binding agreements with the California Building and Construction Trades Council and Northern California Carpenters Regional Council, which are the trade unions representing this workforce, that will govern construction employment for this project. Under these agreements, GSNR has committed that members of these trade unions will perform project construction work, and the unions have committed to facilitate this work and assist GSNR in ensuring the availability of the required workforce.

Q10. Why is GSFA serving as the California Environmental Quality Act (CEQA) lead agency for GSNR's proposed forest resiliency demonstration project?

CEQA requires an environmental review that considers the whole of any project approved or carried out by a California public agency. As explained in the Draft Environmental Impact Report (DEIR) prepared for this project, the proposed forest resiliency demonstration project will be carried out jointly as a public-private partnership between GSFA and GSNR, with GSFA providing approval, supervision, and financing, and GSNR executing project operations. The GSFA Board of Directors, comprised of forty elected California county supervisors, will have ultimate responsibility for approving and supervising the proposed project. While several public agencies will be asked to approve distinct components of the project, GSFA is the only agency with responsibility for supervising and approving the project as a whole, and therefore must act as lead agency for purposes of CEQA.

For further details on GSFA's lead agency role, please see Chapter 1 of the DEIR located at www.gsfa.org/programs/ed/forest-resiliency.shtml

Q11. What are the potential environmental impacts of the proposed project?

In accordance with the California Environmental Quality Act (CEQA), a draft environmental impact report (DEIR) has been developed for the proposed project and was released for public review and comment on October 22, 2024 through January 20, 2025 (see Question 16). Through this extensive environmental analysis, exploring all potential impacts from the proposed project, impacts related to

air quality, transportation (i.e., vehicle miles traveled) and greenhouse gas emissions were identified as significant and unavoidable despite the mitigation efforts that would be employed by GSNR.

GSNR has further completed lifecycle greenhouse gas and air pollution analyses of the project and the resulting wood pellets, including consideration of the impacts of overseas transportation and combustion, as well as the beneficial effects from avoided wildfire and potential replacement of coal-based energy production.

Mitigation Efforts

GSNR takes any impacts to air quality and the climate very seriously. And, despite the noted impacts, GSNR's activities will still comply with the permitting and regulatory requirements of air districts with jurisdiction over the project. Additionally, GSNR would implement feasible mitigation measures, such as:

- Strict construction and operation protocols that go above and beyond regulatory requirements.
- Dust reduction practices that include limited vehicle speeds, maintenance of exposed surfaces with water or nontoxic dust control, and suspending forest treatment activities when dust exceeds the treatment area.
- Provision of a construction relations officer to serve as a liaison to the community, documenting and addressing any project-specific community concerns.
- Extra precautions in the Central San Joaquin Valley to help prevent additional exposure to Valley Fever.

Overall, GSNR's proposed forest resiliency project aims to reduce catastrophic wildfires in California, along with the significant toxic smoke and carbon emissions that such events produce. By reducing wildfire risk, restoring forest health, and creating a renewable energy project, GSNR's project would increase public safety and the preservation of our forests and vital watersheds, while also providing living wage employment opportunities in project communities (See Question 9 for full description of project benefits.).

Q12. Is GSNR's project supported by the U.S. Forest Service?

Yes. GSNR's forest resiliency project is supported through a 20-year Master Stewardship Agreement signed with the U.S. Forest Service (USFS) for all eighteen national forests in Region 5 (covering much of California) to undertake forest management, restoration treatments, and fuel reduction activities. In this Agreement, USFS expressly acknowledged that this project will have significant benefits including, but not limited to, the following:

- Increase the number of acres of forest land treated substantially over the next twenty years.
- Decrease forest fuels, resulting in enhancing forest resiliency and reducing the risk of uncharacteristic catastrophic wildfires and benefitting air quality in both rural and urban California.
- Restore ecological/watershed functions through forest restoration activities resulting in improved watershed conditions resulting in cleaner and more plentiful water.
- Enhance wildlife habitat.

- Enhance public safety for residents, visitors, communities, and infrastructure.
- Provide an economical solution to the largescale removal of biomass from the state’s forests.
- Enhance carbon sequestration.

Q13. How does this project differ from other wood pellet operations? How is DRAX involved with GSNR’s project?

Unlike methods used in other parts of the country, GSNR’s forest management activities will be more selective, targeting overgrown areas while limiting the impact to healthy native tree stands. The type, size, and amount of woody biomass removed and utilized by GSNR would all be conducted in accordance with strict environmental standards and state and federal law. This process will also be conducted with the guidance of forestry experts and under strict regulatory oversight.

The proposed project will also utilize advanced technology and the newest in industry safety standards throughout the manufacturing, transport, and export process.

GSNR signed a non-binding Memorandum of Understanding (MOU) with DRAX, a prominent renewable energy company, for the joint exploration of sustainable biomass opportunities, with a focus on advancing forest resilience and promoting green energy initiatives worldwide. This MOU provides a framework that allows GSNR and DRAX to assess opportunities for joint action, but does not commit either party to a business relationship. DRAX has extensive experience in renewable power generation, the production of sustainable biomass, and the sale of renewable electricity to businesses, and an expressed commitment to enabling a zero carbon, lower cost energy future through engineering, technology, and innovation.

Q14. What safety measures are being taken to mitigate fire risk and contain dust during the manufacturing, transport, and export process?

The proposed project will utilize advanced technology and the newest in industry safety standards throughout the manufacturing, transport, and export process.

Manufacturing

Each of the pellet facilities will have comprehensive fire prevention and suppression systems utilized throughout the wood pellet development and storage process such as temperature sensors, spark detectors, automated fire sprinkler systems, fire water pumps, and a Fire Prevention Plan, among other measures. A dust collection system will also be utilized to reduce airborne dust and minimize any fire and explosion hazards.

Transport

The wood pellets will be loaded onto covered rail cars at each of the pellet facilities before being transported to the Port of Stockton. After arriving at the port, the wood pellets will be moved via a covered hopper to concrete storage domes.

Storage and Export

At the Port of Stockton, the storage structure will consist of two concrete domes designed to store pellets until large enough for shipment. The facility will employ an advanced fire suppression system that continuously monitors temperature and gas and, if ever needed, utilizes nitrogen to suppress fires quickly.

When ready for shipment, the pellets will be gravity fed onto covered conveyors, which then transport the pellets to be loaded onto ship vessels for international shipment.

Dust collection and suppression processes, including dust collectors and covered processing and transport equipment, will be implemented during the unloading and loading phases to ensure that dust is effectively removed from the air and contained.

Operational procedures will be in place to promote safe operating procedures and good housekeeping throughout the manufacturing, transport, storage, and export process. There will also be well defined notifications in the unlikely event of a fire incident.

Q15. What permits are required for the project to proceed and what agencies are involved?

The principal public agency responsible for reviewing and approving the proposed GSNR project is Golden State Finance Authority (GSFA) (see Q1 for details on GSFA and its connection to GSNR). GSFA itself will provide ongoing oversight as the project's public partner. In that capacity, GSFA is acting as the lead agency for purposes of the project's environmental review, and the GSFA Board of Directors, made up of elected Supervisors from each of the 40 member counties, will ultimately determine whether the project proceeds, and under what conditions.

Once GSFA's environmental review and approval of the proposed project are completed, various aspects of the project will require further approval by other agencies. The proposed pellet and port facilities will obtain local land use approvals in the same manner as a private project (issued by Lassen and Tuolumne Counties and the Port of Stockton, respectively). As with any major development project, these facilities may require ancillary permits from one or more of the resources agencies, such as an Authority to Construct/Permit to Operate from the local air district (relating to air emissions from the facilities) or a "404" permit from the Army Corp of Engineers (for any construction-related impact on jurisdictional wetlands located on the project site).

GSFA has entered into a 20-year Master Stewardship Agreement with the U.S. Forest Service that will form the backbone of GSNR's forest management activities. The forest management activities that will provide feedstock for the pellet facilities (and also fulfill GSNR's primary aim of promoting forest resiliency and wildfire risk reduction) will also require approvals from various agencies, depending on the nature and location of the treatment work. Management projects within national forests will require approval of the U.S. Forest Service, and treatment activities on state or local government lands will require approval of the applicable land management agency. Similarly, most projects on private lands will require a "timber harvest plan" approved by CalFIRE (even though these projects do not involve commercial timber harvesting), as well as the landowner.

Q16. What is the project status? When will the project begin construction and operation?

The proposed forest resiliency project is currently undergoing environmental review in accordance with the California Environmental Quality Act (CEQA). The CEQA process is intended to ensure any and all potential impacts are identified, comprehensively evaluated, and mitigated to the fullest extent feasible. A Draft Environmental Impact Report (DEIR) was released for public review and comment on October 22, 2024 and closed following a 90-day review period on January 20, 2025. The submitted comments are currently being reviewed and will be responded to, as appropriate, as part of

the development of the final EIR, which will be presented to the Golden State Finance Authority (GSFA) Board for final certification in mid-2025. See Question 14 on how to participate in that process.

Prior to construction and operation, GSNR's proposed project must complete the CEQA environmental review process and then receive approval on various permits from a number of agencies (see Question 15 for details on permits and permitting agencies). Once this is complete, GSNR will also need to obtain additional financing for the project, including identification of a private partner.

If these milestones have been met, GSNR would then move into the construction phase of the project. At this time, there is not an established commencement date for construction and operation of the proposed project.

Q17. How can the public stay informed regarding this project? And how can the public provide feedback during the CEQA process?

The community can stay informed regarding the progress of GSNR's proposed project by joining GSNR's email list at www.goldenstatenaturalresources.com, visiting the project webpage (<https://goldenstatenaturalresources.com/local-forest-resilience-projects/>), or contacting GSNR directly at gsnr@gsnrnet.org.

A milestone of the CEQA process is the public release and then final certification of the required Environmental Impact Report (EIR). The Draft EIR (DEIR) was released for public review and comment on October 22, 2024 and closed following a 90-day review period on January 20, 2025.

At this time, the submitted comments are being reviewed and will be responded to, as appropriate, as part of the development of the final EIR. GSNR anticipates that the final EIR will be presented to the GSFA Board later in 2025 for their review and potential certification.

While the review period for submitting public comments on the DEIR has closed, there will be additional opportunities for providing public input. This includes the ability to address the GSFA Board directly when the EIR is presented for final certification as well as the opportunity to provide public input on the project when the associated permits are considered by responsible and resources agencies.

The DEIR is available online at www.goldenstatenaturalresources.com/deir/.