

NSF International Evaluation of Lee Energy Solutions Compliance with the SBP Framework: Public Summary Report

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Completed in accordance with the CB Public Summary Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see
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Document history

Version 1.0: published 26 March 2015

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1 Overview

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Report completion date: 06/07/2015

Report authors: Mike Ferrucci, Anne Marie Kittredge

Certificate Holder: Lee Energy Solutions, 79 Greenway Drive, Crossville Alabama 35962

Producer contact for SBP: John Pittard, President

Certified Supply Base: Lee Energy Solutions in Alabama, Tennessee, and Georgia

SBP Certificate Code: SBP-02-02

Date of certificate issue: 27/May/2016

Date of certificate expiry: 26/May/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The manufacture of wood pellets at the Crossville, AL facility including Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, and 4.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

4 SBP Standards utilised

4.1 SBP Standards utilised

Standard 1: Feedstock Compliance Standard, Version 1.0, March 2015

Standard 2: Verification of SBP-Compliant Feedstock, Version 1.0, March 2015

Standard 4: Chain of Custody, Version 1.0, March 2015

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Lee Energy Solutions operates a single site wood pellet production facility in Crossville, DeKalb County, in northeast Alabama. The facility sources from a largely rural area where forestry and agriculture (e.g. forests, crops, poultry) are prevalent and are the primary sources of income for workers and the local communities. The forests consist of various hardwood and mixed hardwood/pine forests in the Piedmont Region.

Inputs: FSC Controlled Wood in two broad types:

30% in-wood chips of hardwood, and softwood trees; 70% mill residuals

Outputs:

SBP Compliant Biomass

EUTR Compliant Biomass

5.2 Description of Biomass Producer's Supply Base

The wood supply region for Lee Energy Solutions' facility includes most of central and northern Alabama and the adjacent counties in Northwest Georgia and South Central Tennessee. There are a limited number of facilities in the area which utilize in-woods and residual chips and sawmill residual. Thus, Lee Energy Solutions is an important market for low grade and low valued wood products that would otherwise go unused and could constitute a waste product. Utilized as wood pellets, this otherwise low valued and marginal material contributes to the increased use of renewable energy and serves to mitigate greenhouse gas emissions.

Lee Energy Solutions does not decide what forests to harvest, is not engaged in harvesting or forest management activities and does not have responsibility for direct wood procurement. All wood fiber is supplied by a sole source supplier (DeKalb Forest Products, LLC.) Thus, Lee Energy Solutions is considered an Indirect and Secondary Producer that can only indirectly influence forest management, but cannot control how the forests are managed and how they are harvested. Land management and harvesting decisions are made by private family forest owners, in the context of U.S. Federal and State laws, regulations and State administered Best Management Practices.

The States of Alabama, Georgia and Tennessee have large and well-funded State Forestry Commissions and agencies that administer a number of programs including: landowner outreach and extension, forest inventory and analysis, forest fire and pest prevention, BMP implementation and monitoring, smoke management planning and scheduling, forest resource and wildlife assessments and action plans, and other forest sustainability programs.

5.3 Detailed description of Supply Base

Supply base

- a. Total Supply Base area (ha):
 - 17,114,290 acres Alabama
 - 4,410,579 acres Georgia
 - 4,520,677 acres Tennessee

- b. Tenure by type (ha):
 - 3,440,252 acres Private Non-Industrial Georgia
 - 14,547,146 acres Private Non-Industrial Alabama
 - 3,752,161 acres Private Non-Industrial Tennessee
 - 998,113 acres Public Agencies Georgia
 - 2,567,143 acres Public Agencies Alabama
 - 768,515 acres Public Agencies Tennessee

- c. Forest by type (ha):
 - 6,503,430 acres Temperate Pine Forests
 - 5,305,411 acres Temperature Oak-Hickory
 - 5,303,411 acres Temperature Pine Plantations

- d. Forest by management type (ha):
 - 2,796,000 ha Planted Georgia
 - 2,833,000 ha Planted Alabama
 - 281,000 ha Planted Tennessee
 - 9,713,000 ha Managed Natural Georgia
 - 9,713,000 ha Managed Natural Alabama

5,384,000 ha Managed Natural Tennessee

- e. Certified forest by scheme (ha): Certified Forest Content is not tracked or accounted for across the Supply Base. All wood material is formally delivered as FSC Controlled Wood.

Feedstock

- f. Total volume of feedstock: **3,500 metric tons per week**
- g. Volume of primary (in-wood chips) feedstock: **1,050 metric tons per week**
- l. Volume of secondary feedstock: **2,450 metric tons / week of mill residual sawdust**

5.4 Chain of Custody system

The Company is FSC Chain of Custody certified and plans to utilize the systems already in place to track SBP certified biomass.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/ Method	Activity
April 27	Phone	Stage 1 Planning (4 hours, Ferrucci)
May 21-22	Phone	Stage 1 Audit and Report (8 hours, Ferrucci)
May 22	Phone/email	Audit Planning (3 hours, Ferrucci)
April 29	Email	Stakeholder initial outreach (2 hours, Ferrucci)
June 8-9	On site	2 NSF Auditors spent 2 days on site and worked with the Lee Energy Solutions team and suppliers, including secondary, indirect suppliers. (20 hours, Ferrucci and Kittredge)
June 11-12	Email, phone	Attempted to contact stakeholders via phone and email (5 hours, Ferrucci)
June 11-26	Office	Review of information, follow-up calls and emails, finalize report (12 hours, Ferrucci)

6.2 Description of evaluation activities

NSF initiated the SBP audit process with a Readiness Review to confirm the scope of the audit, review the SBP Indicators and evidence to be used to assess conformance, verify that Lee Energy Solutions was prepared to proceed to the SBP Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SBP Certification Audit of conformance to the SBP Standards. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the SBP Standards. The initial Surveillance Audit is scheduled for June 2016.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SBP requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices.

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF SBP SOP. NSF also selected and interviewed stakeholders such as contract loggers, wood suppliers and other interested parties, and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement.

6.3 Process for consultation with stakeholders

Lee Energy Solutions provided the stakeholder list and contact information, a copy of the template for the letter sent out, and actual letters sent and responses received for those which had a response. This information was reviewed as it was received and again during the audit.

Mike Ferrucci, NSF Lead Auditor also sent emails to the entire contact list and received limited response via email. The information from respondents who had not responded to Lee Energy Solutions initially was forwarded, and the responses from Lee Energy Solutions were reviewed.

In general this process revealed that most stakeholders are not generally concerned about the plant or the harvesting activities associated with supplying raw materials.

7 Results

7.1 Main strengths and weaknesses

Lee Energy Solutions has developed a comprehensive program to ensure overall conformity with the relevant SBP Standards. The organization assembled a very competent team to develop and implement its pellet sourcing sustainability program, including senior management, key operations and accounting personnel, the parent companies' Quality Assurance Manager with considerable experience with second- and third-party assurance/conformance programs, a certification consultant with SPB-relevant experience, and the key representative of the supplier who is a forester with over 30 years' experience in the region.

7.2 Rigour of Supply Base Evaluation

A very rigorous Supply Base Evaluation was performed. The current definition of scope, as adopted by the Biomass Producer, was adequate for the dispersed, mostly privately-owned supply base considering management systems in place.

7.3 Compilation of data on Greenhouse Gas emissions

N.A. This information was not reviewed or included in the scope, as agreed in advance.

7.4 Competency of involved personnel

The 'Body' that performed the Supply Base Evaluation was composed of personnel both internal and external to the Biomass Producer. This team approach assured the highest possible competency of the personnel assigned to perform the SBE in that the most-knowledgeable local foresters, managers of the site, and consultant for SBP worked on the SBE. The consultant had strong knowledge of SBP requirements, led the process, ensured that the requirements were followed, and made best use of the local expertise. The local forester provided a breadth and depth of knowledge about local and regional harvesting and land management practices. Relevant experience in relation to evaluating the Biomass Producer's compliance with the SBP Standards is comprised of the consultant's years of experience with FSC, PEFC and SFI including controlled wood and legality, conservation, and resource management protections, and experience guiding another applicant located within Alabama toward certification while acting in a similar consulting and leadership capacity.

Key personnel tasked with implementing the Biomass Producer's management and control systems relating to SBP compliance are competent, with strengths in markets, silviculture, management, harvesting, and general conservation issues. The entire team is learning about the key biodiversity issues and protection measures. Their knowledge of SBP requirements is strong enough to be able to maintain compliance. This is a new standard, so any relevant experience is limited to the pre-existing FSC CoC and Controlled Wood standards.

7.5 Stakeholder feedback

Most stakeholders did not raise negative comments or concerns about the Biomass Producer and most comments were supportive. One comment received before the main evaluation involved a clarification regarding the markets for harvest and mill residuals, stating that these markets in Georgia are stronger than indicated in the introductory and background portion of the mailing.

A comment received after the main evaluation expressed concerns about water-quality issues that were generally addressed by the company and shown to be minimal by data presented. The Lead Auditor reviewed the response from Lee Energy Solutions and reconsidered the risk assessment. The stakeholder did not present any information supporting their concerns, so the conclusion is that the low risk determination is warranted.

7.6 Preconditions

The CB issued one precondition involving the roll-out of the mitigation and monitoring program for key rare elements which could be present in isolated portions of the supply base. The actions taken by the Biomass Producer to close out those preconditions prior to issuing a certificate included further research into the rare elements and a training/briefing program for the contractors who are harvesting trees for in-woods chipping of fiber.

8 Review of Biomass Producer's Risk Assessments

NSF assigned a very-experienced forester/auditor to lead the audit. This lead auditor reviewed the risk assessment and followed standard audit trails to confirm sensitive or important elements of the approach. He used his pre-existing knowledge, some web searches, and his experience with “Conservation Forestry” and with SFI and PEFC auditing to assess the risks.

One area (2.1.2) was found by the field auditor to be lacking initially due to incomplete implementation of the mitigation measures and was subject to a non-conformance. These had to be completed before the audit recommendation was made, so these items have been addressed, chiefly by awareness and knowledge training.

Table 1. Final risk ratings of Indicators as determined after the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Unspecified
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.2	Low	Low
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Biomass Producer's mitigation measures

At the time of the approval of the final report all mitigation measures were completed and were being assessed in practice by the foresters for the sole supplier.

The risk assessment identified two specific High Conservation Value Forest-related ecological features, glades and Montane Longleaf Pine, as unspecified risk. Measures for awareness and training were identified but not fully-implemented in the short time between completion of the risk assessment and the completion of the field portion of the audit. As part of the approved (by NSF) and now implemented Corrective Action Plan Lee Energy Solutions took the following corrective actions:

Supplemental training was provided by Lee Energy Solutions' consultant covering issues of HCVFs and those raised by the findings listed below.

10 Non-conformities and observations

Requirement	Level	Description	Timeframe to Resolve	Potential Impact
Standard 4, 5.4.2	Minor	Lee Energy Solutions' CoC procedure doesn't include provisions for recording the certificate numbers of the biomass customer.	Plan by 1 month; Audited in 2016	No sales of certified biomass yet
Standard 1, Principle 2, Criterion 2.4	Major	Lee Energy Solutions' process for ensuring that residue removal minimizes harm to ecosystems has not been implemented either in training or in field application.	Before award of certification	Limited, site types uncommon
Standard 4, 5.3	Opportunity for Improvement	This audit did not include GHG/Data within its scope. These requirements might be covered in Lee Energy Solutions' GHG documents later when SBP finalizes that portion of the requirements and guidance.	Not required now; will review during audit for SBP#5.	

As of July 12 the Major Non-conformance had been closed. Required contract provisions are included in an Addendum to the Supply Agreement. Training on biomass retention was conducted for the Lee Energy Solutions' staff and major supplier. This training session was held with the guidance of Scott Berg, President, R.S. Scott & Associates, Inc. on June 24, 2015, and all elements in the above corrective action plan were covered. A copy of the sign in sheet was reviewed. This guidance is now being implemented.

As of July 12 the Minor Non-conformance had been closed. The corrective action plan describes the actions to be taken. The SBP certification process must be completed and the certificate number issued after which when Lee Energy Solutions makes claims to its customers of wood pellets the certificate numbers of the customer to which it supplies biomass will be recorded.

11 Certification decision

Lee Energy Solutions has been certified by the CB as of May 27, 2016 as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, and 4.

The expiration date of the certificate is May 26, 2021.

12 Surveillance updates

N/A.

