

Wood Pellet and Pellet Stove Manufacturing Plans

The timber industry in California has been in steady decline for the last two decades in the face of continuing litigation and economic challenges. The Sierra Pacific Industries (SPI) sawmill in Loyalton, Sierra County, closed approximately eight years ago resulting in the loss of dozens of jobs for the mill workers and many more in businesses related to the mill's operation. The adverse economic impact on Loyalton continues to the present, now made worse by the current general economic downturn. However, there is clear potential for creating a new business in Loyalton to take advantage of the available workforce and other resources. SEDCorp secured a grant from the U.S. Department of Agriculture (USDA) to examine the feasibility for creating wood pellet and pellet stove manufacturing facilities in Loyalton and, if found feasible, to prepare business plans for the proposed operations to be marketed to prospective developers.

SEDCorp has been assisted in this project by Kevin Whitlock, MBA and Registered Professional Forester, whose company is Under the Trees located in Nevada City, CA. In examining the feasibility for pellet or stove manufacturing, Kevin quickly determined that a robust national manufacturing capability exists for pellet stoves and, therefore, did not offer a feasible opportunity for Loyalton. However, he also determined that, despite a growing demand for wood pellets, the nearest pellet manufacturers were hundreds of miles away. The potential for creating a competitive product locally by reducing transportation costs appears completely feasible. Kevin then undertook the process of creating a draft business plan for a pellet manufacturing facility to be located in Loyalton.

The proposed pellet plant is sized to produce approximately 75,000 tons per year of wood pellets available in either forty-pound bags or in bulk. Of significant interest is the potential for synergy of operations with the SPI co-generation power plant adjacent to the proposed site of the pellet plant. A preliminary draft of the pellet manufacturing plan was circulated for comment and benefited by considerable feedback. However, the rapid decline of the economy over the last two quarters has resulted in the need to review and revise many of the assumptions included in the circulated draft.

Anyone interested in discussing the potential for pellet manufacturing in Loyalton should contact SEDCorp. SEDCorp anticipates the potential support of USDA or other sources in the financing of the project.