LOYALTON, Calif. — A renegotiated energy contract and declining transportation costs led to the biomass plant in Loyalton reopening this week — and the re-establishment of nearly 20 jobs.

The plant — operated by Sierra Pacific Industries — shut down Sept. 12, 2009, due to tough economic conditions, leaving 19 employees without work. However, after recent conversations with the local energy giant NV Energy, it re-opened Wednesday, and SPI Spokesman Mark Pawlicki said the company hired most of the staff back.

“The situation was the cost of fuel relative to the price of energy were not in balance,” Pawlicki said.

Sierra Pacific Industries also had to transport biomass material — about half from landfills in Sacramento and Reno, and half from forest fuels reduction in the northern Sierra — ever since the sawmill in Loyalton which provided local fuel closed a few years ago, Pawlicki said.

That meant driving the waste material as far as 100 miles, Pawlicki said, too costly when gas prices were higher.

“We’re relying on sources like the (U.S.) Forest Service for fuels reduction material, which is very good — it combines fuel with the reduction of wildfire threats,” Pawlicki said.

Truckee Ranger District Vegetation Management Officer Scott Conway said this is good news for the forest service.

“When that shut down it really hurt a lot of projects — there was no place to economically ship the material,” Conway said.

Congressman Tom McClintock also offered a statement of support.

“I am pleased to see that a solution has been reached to reopen the cogeneration facility in Loyalton. The plant is an important source of energy and jobs,” McClintock said in the statement. “Our region is endowed by the most plentiful natural resources in the country and I am delighted that these assets will now foster jobs and restore economic opportunities.”

Bringing the plant back online means the forest service can move forward with forestry projects throughout the region, he said.

The 20-megawatt plant goes through about 160,000 tons of biomass — composed of woodchips and byproducts from forestry and lumber work, Pawlicki said. It generates enough electricity to power about 7,000 homes within NV Energy’s service area.