



Watt's New? *Michigan Energy News*

Bruce Goodman

616/336-6574
bgoodman@varnumlaw.com

Eric J. Schneidewind

517/482-6237
ejschneidewind@varnumlaw.com

Jack D. Sage

616/336-6557
jdsage@varnumlaw.com

Matthew D. Zimmerman

616/336-6536
mdzimmerman@varnumlaw.com

David E. Preston

616/336-6520
depreston@varnumlaw.com

G. Mark McAleenan, Jr.

616/336-6812
gmmcaleenan@varnumlaw.com

Matthew B. Eugster

616/336-6821
mbeugster@varnumlaw.com

Toni L. Newell

616/336-6815
tlnewell@varnumlaw.com

Timothy J. Lundgren

616/336-6750
tjlundgren@varnumlaw.com

"By developing renewable energy systems here and incorporating energy efficiencies, we keep those dollars in Michigan, where they can help grow our economy."

James Turner
USDA Rural Development Director
for Michigan

MPSC Public Hearing on Rules Governing Renewable Energy

The Michigan Public Service Commission has announced it will hold a public hearing at 9 a.m. on June 22 for its proposed rules governing renewable energy plans and energy optimization plans. Provisions include defining the "Michigan content" needed for a 10 percent REC bonus and how to compute RECs for pumped storage and mixed biofuel facilities. Part 2 of the proposed rules contain the details of how utilities are to implement their RPS plans, including rules on the five factors a utility may use to limit participation by bidders in RFP solicitations. Any person may submit written comments (reference Case No. U-15900) which must be received no later than 5 p.m. on July 14. See proposed rules at: <http://efile.mpsc.state.mi.us/efile/docs/15900/0001.pdf>

Energetx and Aeroblade Enter Blade Manufacturing Pact

Following up on an earlier licensing agreement, Energetx Composites of Holland and Aeroblade of Spain have agreed to a manufacturing arrangement to produce wind turbine blades for wind industry OEMs. The Michigan company has committed to manufacturing 37 to 65 meter wind turbine blades for Aeroblade customers in the U.S. and Canadian markets. This partnership combines Aeroblade's design skills, backed by a long history in the aerospace field, with Energetx's core competency in composites.

Michigan Shorts

MDNRE has proposed an air permit for Sawyer Electric Co LLC in Gwinn for its 560 million BTU per hour bubbling bed boiler firing biomass, natural gas and TDF. KVCC has graduated its first 18 students from its wind turbine technician academy. Adaptive Materials Inc. of Ann Arbor has been awarded a \$3 million contract to provide 60-watt propane-powered fuel cell systems to the U.S. Air Force. Greenville has announced plans to power every school and city building with solar energy. Windtronics of Muskegon has announced its Honeywell Wind Turbine kit will have a suggested retail price of \$6,495. Grand Haven Board of Light and Power will experiment with firing biodiesel in one of its electric generating engines. Upper Peninsula Power Company (UPPCO) has agreed to transfer ownership of its Au Train dam to North American Hydro and is also offering its Cataract Dam near Gwinn for sale. Mariah Power is changing its name to Windspire Energy, Inc.

Rural Energy For America Funding

Citing statistics showing that the state sends \$20 billion per year to other states and countries for energy, USDA Rural Development announced \$11.4 million in available funding through its Renewal Energy for America Program (REAP) for Michigan investment in renewable energy systems and energy efficiency improvements. Of the \$11.4 million available, \$1 million is for grant requests greater than \$20,000, and \$830,000 is for grant requests less than \$20,000. The \$9.6 million remaining will be for REAP guaranteed loans. Eligible projects include anaerobic digesters, biomass, small hydropower, wind and energy efficiency improvements. Applications are due no later than June 30, 2010.



■ Grand Haven ■ Grand Rapids ■ Kalamazoo ■ Lansing ■ Novi

Energy Efficiency Retrofit Initiative Awarded \$30 Million

In April Vice President Biden announced a \$30 million Recovery Act grant to ramp up energy efficiency retrofits in Michigan homes, businesses, and public buildings. The Michigan Retrofit Ramp-up Initiative (MRRI) will target homes and commercial buildings across the state with energy efficiency incentives, along with affordable loans through Michigan SAVES and other innovative financing options. The MRRI proposal was developed by a coalition of key stakeholders, including state and local governments, the state's electric utilities, educational institutions, and a number of public and private sector partners. Michigan's award was the second largest award among the 25 retrofit ramp-up grants awarded to states and communities. See <http://tinyurl.com/RecoveryActGrant>

Michigan Industrial Energy Center Established

University of Michigan has been awarded a \$760,550 grant by DELEG to establish the Michigan Industrial Energy Center (MIEC) to develop a comprehensive integrated energy savings program for energy intensive industries. Project partners have committed an additional \$70,000 in matching funds. The three-year project is funded by a U.S. DOE grant under the Save Energy Now Program, authorized by the Energy Policy Act of 2005. Project funding must be renewed each year by the DOE based on successful completion of critical project deliverables.

"Energy intensive industries have been under tremendous economic stress in recent years due to global competition and high energy prices."

Stanley "Skip" Pruss
Director, MEDLEY

Two New Centers of Energy Excellence for Wind Research

Energetx Composites LLC has been awarded a \$3.5 million grant to establish a new Center of Energy Excellence (COEE) in Holland. It will collaborate with Oak Ridge National Laboratory and Dow Chemical to develop advanced materials, including carbon fiber, to make wind turbine blades. The COEE will also include workforce training provided by U of M and Kettering University. A second new COEE was established with \$6 million in funding. It involves Astraeus Wind Energy, Inc., a joint venture between Sterling Heights-based MAG Industrial Automation Systems Inc. and Eaton Rapids-based Dowding Machining Inc. This venture's first project will be to build an automated machining center for wind turbine hubs.

Michigan Energy Venues

- Energy Michigan Meeting, 9:30 am - 1:30 pm on May 25 at Causeway Bay Hotel in Lansing
www.energymichigan.org
- Michigan Public Service Commission Public Hearing on energy rules, 9:00 am on June 22 in Lansing
www.michigan.gov/mpsc
- Michigan Energy Fair on June 25-27 at Rock Financial Showplace in Novi
www.girea.org
- Prospects for Manufacturing Wind Systems in Michigan, 8:00 am on June 30 at DeVos Place in Grand Rapids
www.rightplace.org

Detroit Edison REC Purchases Approved

In December 2008, Detroit Edison issued an RFP for renewable energy credit (REC) contracts from Michigan sources. It received 43 proposals from 11 suppliers. In April, the MPSC approved the third REC contract submitted by Detroit Edison, this one with Boyce Hydro Power, LLC. The average price for the seven-year sale covering four hydro facilities on the Tittabawassee River is \$7.75 per REC, well below the \$12.46 average price of the first two contracts. The Boyce contract calls for 210,000 RECs per year, with an additional purchase of 112,000 RECs depending on generation. Detroit Edison has previously projected REC prices for twenty-year contracts at \$15.66 per REC.

If the Devil is in the Details, then it's Time to Do Your Homework

Michigan's 2008 legislation requiring utilities to purchase energy from and/or to construct renewable energy projects was a drawn out battle with many compromises and a mixed outcome. The MPSC has now proposed implementing rules, and the alternative energy industry needs to pay attention. Rules can never be perfect "right out of the box." [I am disappointed that neither Part 2 nor Part 3 addresses standby rates, which need to be restructured to better accommodate and encourage self generation.] Do the proposed rules provide the certainty needed for alternative energy projects to get financed and built? Those with experience need to weigh in and make the rules "more perfect." Read the rules, identify the flaws, attend the hearing, propose alternative language, submit meaningful comments. Now. The devil **IS** in the details.

