

**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

"[Holland] underestimated the potential impact of energy efficiency in future years."

MPSC Staff Report

"Michigan is becoming a world capital for advanced batteries."

Jennifer Granholm
Governor of Michigan

Watt's New? *Michigan Energy News*

Additions to IOU's Renewable Portfolio

DTE Energy is seeking Michigan Public Service Commission (MPSC) approval of two 20-year power purchase agreements and the associated renewable energy credits. The weighted average price for the 3.2 MW landfill gas project in Orion and the 17 MW biomass project in L'Anse is \$98.94/MWh. This price is below the level assumed in the DTE Renewable Resource Plan.

Forest Products Processing Renaissance Zone Created

Verso Paper's U.P. Quinnesec Mill in Breitung Township has been designated a Forest Products Processing Renaissance Zone by the state. It is expected to double its capacity to turn wood products into electricity through a \$43 million renewable energy project. This will allow the mill to meet 95 percent of its energy needs using biomass. The project will include a new Siemens turbine generator, and is expected to start up by December 2011. As a renaissance zone, the company will operate free of virtually all state and local taxes for fifteen years.

Tax Credits for Wixom Alternative Energy Park

The prospective buyers of the former Ford Wixom plant are awaiting loan guarantees from the U.S. Department of Energy (DOE) in hopes of closing on the purchase of the site by the end of the year. Meanwhile, a new law, PA 114 of 2010, provides tax credits for a single facility that will produce large scale batteries and manufacture integrated power management, smart control, and storage systems from 500 kW to 100 MW in size. The credits would be equal to 25 percent of the capital investment for any tax year, but limited to \$25 million per year, for up to four years.

New Coal Plant for Holland at Risk

The MPSC staff has made a determination that the 70 MW (net) coal-fired electric generating plant being proposed by the Holland Board of Public Works is not needed. The report found that the municipal utility has not explored sufficient alternatives to show that a new coal plant was the best way to meet its current and future load. It also found that the demand growth projections were overly optimistic. The report suggested that Holland consider making purchased power a larger portion of its supply portfolio. Now the Michigan Department of Natural Resources and Environment will weigh the report in deciding whether to grant an air permit to the project.

Cornering the Advanced Energy Storage Market in the U.S.

By 2015 Michigan will have up to 40 percent of the world's capacity to produce lithium-ion batteries for automobiles. With President Obama in attendance, a new advanced battery plant funded in part by ARRA monies has broken ground in Holland to make electric car batteries for Chevy Volts and Ford Focus vehicles. The LG Chem-Compact Power plant was also recently approved for a 15-year Renewable Energy Renaissance Zone designation. In June, Vice President Biden attended a similar groundbreaking at Dow Kokam in Midland for a new battery factory. In all, \$2.4 billion in federal

"We're looking at a need for some breakthrough in fuel technology."

John DeCicco
Environmental Defense Fund

grants has created a series of advanced battery manufacturing factories in Michigan where previously there were none.

Money for Ethanol Research at MSU

One of three new federal bio-energy research hubs to work out the science of converting plant matter (other than corn) into fuel to replace gasoline is being funded through a five-year, \$50 million federal grant. Michigan State University and the University of Wisconsin will combine efforts to host the research center. The other two bio-energy research hubs will be at national laboratories that are part of the DOE. All the bioenergy centers will focus on turning common grasses, wood chips or other plant material into ethanol.

New PPAs for 240 Megawatts of Renewable Energy

Consumers Energy has submitted four power purchase agreements to the MPSC for approval. The 20-year contracts are for projects with:

- John Deere Wind Energy for a 90 MW wind project in Sanilac County.
- John Deere Wind Energy for a 59.4 MW wind project in Huron County.
- John Deere Wind Energy and Great Lakes Wind LLC for a 81 MW wind project in Lenawee County.
- Waste Management Renewable Energy for a 12.8 MW landfill gas project in Macomb County.

When the 243.2 MW of renewable energy is on line in 2012, more than 6.2 percent of the utility's demand will be served by renewable energy generation.

Michigan Shorts

ΩΩ Huron County has created two new wind districts, one for Heritage Sustainable Energy and one for DTE Energy, for 60-80 MW and 15-20 MW respectively Ω Adaptive Materials of Ann Arbor has been awarded a Navy contract to develop high-efficiency fuel cells using kerosene, diesel and JP-5 fuels Ω Clean-energy manufacturing grants and loans from federal stimulus monies have been awarded to Amptech in Manistee (\$0.6 million), Great Lakes Industry Gear in Jackson (\$2.5 million), Grid Logic in Metamora (\$5 million), Heat Transfer International in Kentwood (\$2.8 million), Innotec in Zeeland (\$1.2 million), KC Jones Plating in Warren (\$0.3 million), Polar Seal Window in Grand Rapids (\$0.2 million), URV USA in Eaton Rapids (\$4 million) and Ventower Industries in Monroe (\$3.5 million) Ω DOE has granted nearly \$1 million to the Flint Center of Energy Excellence to advance the production of biogas Ω The new Michigan Life Science and Innovation Center in Plymouth is now home to Algal Scientific Corp., which is developing a system to convert algae into fuel ΩΩ

Smokey Favors Biomass Power Development

The biomass power industry can help reduce the spread of forest fires by cleaning highly flammable debris from the forest floor and harvested areas. Forest fires can be fueled by small trees and brush that create fire ladders that direct fires into the crowns of larger trees. Biomass energy plants use this and other material to create renewable energy. They encourage good forest management by creating a market for the excess small trees, slash and brush that can foster forest fires. Michigan has seven biomass-fired power plants and the resources for more. A number of coal-fired generators are looking to co-fire biomass. Reducing the risk of Michigan forest fires by improving forest health can even reduce greenhouse gases, as decomposing dead brush and slash releases methane. Managed forest resources provide the state with its own source of renewable domestic fuel and Smokey the Bear with a modified slogan: "Only you, with the help of the biomass power industry, can prevent forest fires – use it or lose it."



Michigan Energy Venues

- Great Lakes Wind Council Community meetings on July 20 at Eberhardt Center, Grand Rapids and July 21, Fairlane Center, Dearborn www.michiganlowcouncil.org
- Wind Industry Stakeholders Meeting on July 22 at Michigan Alternative and Renewable Energy Center, Muskegon www.gvsu.edu/marec
- AWEA Wind Energy Supply Chain Summit on July 28 at Eberhardt Center, Grand Rapids <http://tiny.cc/rightplace>
- Energy Optimization Credits Meeting on August 17, at MPSC offices, Lansing www.michigan.gov/mrep
- International Short Course on Biofuels on August 22-27 at MSU Campus, East Lansing <http://tiny.cc/worldtap>

