

Quick Hits

Hot off the press

Biomass PPAs sought

Consumers Energy Co. and Detroit Edison Co. have filed petitions with the Michigan Public Service Commission for *ex parte* approval of biomass energy contracts.

Consumers is asking the Michigan Public Service Commission to approve a contract extension with Scenic View Dairy in Hamilton. The dairy had been providing 350 kW of capacity to Consumers' voluntary "Green Generation Program." Consumers is asking approval to a five-year extension to put the generation toward its renewable portfolio requirements.

Detroit Edison is petitioning for a 20-year contract with Blue Water Renewables for what it says is a "cutting edge" septic injection landfill gas project plated at 3.2 MW.

Biomass is BACT

The U.S. Environmental Protection Agency has indicated biomass fuels can be a form of best available control technology (BACT) for greenhouse gas emissions.

In an announcement this month EPA said firing biomass could contribute to GHG reductions, although it has provided no regulatory framework at this point.

DNRE director resigns

Dept. of Natural Resources and Environment Director Rebecca Humphries has resigned to take a regional position with Ducks Unlimited, effective January 1.

Michigan Biomass

*Cadillac Renewable Energy
Genesee Power Station
Grayling Generating Station
Hillman Power Company
Lincoln Power Station
McBain Power Station*

The Power of Wood

Information and updates affecting Michigan's biomass energy industry

◆ New BCAP rules released

The U.S. Dept. of Agriculture has released new rules for the Biomass Crop Assistance Program (BCAP).

Part of the 2008 Farm Bill, BCAP provides matching payments for producers of eligible biomass feedstocks for energy production. It started in November 2009 under a "notice of funding available" and was suspended in April 2010 while USDA reworked it.

The new rules are geared heavily toward preventing market distortions and allowing local Farm Service Agency offices latitude and discretion in approving projects and contracts based on regional markets, feedstocks and practices.

Under the new rules...

- Eligible material can only be sourced directly from field or forest, which disqualifies secondary materials such as mill wastes that include sawdust, rice hulls or pits.
- To qualify, forest residues must come from lands managed under certain stewardship plans, such as the Sustainable Forest Initiative (SFI) and similar certification programs, or management plans approved by the state...
- Or be part of ecosystem restoration or forest health measures, such as removing fire hazards or diseased or infested material.
- Restrictions on eligible material that serves an existing, higher value regional market.

The new rules also cover the Project Area component of the program that provides various payments and incentives to producers of dedicated bio-energy crops, such as switchgrass or hybrid poplar.

◆ Ethanol project moves forward

Frontier Renewable Energy, a 40-million gallon cellulosic ethanol plant under development in the Upper Peninsula, received its permit to install from the Michigan Dept. of Natural Resources and Environment. Its parent company, Mascoma, has also announced the purchase SunOpta BioProcess Inc., a company with proprietary technology in fiber processing that could give the company a leg up on technology needed to produce low-cost cellulosic ethanol.

The facility located in Chippewa County will consume 1 million green tons of quality hardwood chips annually and produce up to 200,000 tons of wood byproducts that could go into energy production.

According to the Wall Street Journal's Market Watch, Mascoma acquired state-of-the-art fiber preparation and pretreatment technology with the purchase of SunOpta that could aid the company's position in the cellulosic bio-fuels sector.

A recent study by the U.S. Dept. of Agriculture estimates Michigan has capacity to produce 265 million gallons of ethanol annually. The Michigan Dept. of Energy, Labor and Economic Growth estimates current production from agricultural sources at 200 million gallons.

◆ Second bio-gas project announced

Reed City in Osceola County wants to be home to the state's second sewage-to-energy facility.

The state has announced that Swedish Biogas International AB is exploring the development of the facility. It is already developing a similar system in Flint, which is

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Michigan Biomass is an advocate for and supported by the state's PURPA wood-fired power plants. Visit www.michiganbiomass.com for more information.

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expected to start generating power in January.

General Mills' Yoplait Yogurt, the city's biggest industrial customer and largest wastewater generator, will play a key role in providing the organic byproducts the biogas is made from.

The state is providing a \$1 million grant to help fund the \$5.5 million project.

The Swedish Biogas International facility in Flint, one of Michigan's first Centers of Energy Excellence, started construction in 2008 and involves collaboration with Linköping University in Sweden, Kettering University and the City of Flint.

The Reed City project would be constructed at the municipal wastewater treatment plant.

The project has potential to generate bio-gas for the purpose of producing electricity and expanding the capacity of the wastewater treatment plant.

◆ **Federal RES introduced**

This fall Democratic Senators Jeff Bingaman (New Mexico) and Byron Dorgan (North Dakota) introduced the Renewable Electricity Promotion Act that would mandate utilities get a portion of their generation from renewable sources.

The federal renewable energy standard (RES) would coordinate with state renewable programs and set a target of 15% renewables by 2021, starting at 3% in 2012. Energy efficiency incentives are also included. Renewable energy systems that don't connect to the power grid are also eligible.

Increased cost of the program to electricity ratepayers would be capped at a 4%.

The bill also provides loans to utilities to build renewable generation or implement efficiency measures.

◆ **Bio-energy gets FMAC seat**

Michigan Biomass Director Gary Melow has been appointed to the Michigan Forest Management Advisory Committee.

The FMAC is appointed by the Director of the Michigan Dept. of Natural Resources and Environment. Its role is to assist the DNRE in balancing the environmental, social and economic issues surrounding forest management. The committee members range from timber producers to university representatives to environmental interests who assist the DNRE with management problems, opportunities and challenges related to Michigan's state forests.

The appointment is for four years. Melow is the first from the energy sector to fill an industry representative seat.

◆ **National forests increase, store carbon**

The U.S. Forest Service has estimated the nation's forests contain 41.4 billion metric tons of carbon; an increase of approximately 192 million metric tons over the past year.

The additional carbon represents roughly 11 percent of the country's industrial greenhouse gas emissions – the equivalent of removing almost 135 million passenger vehicles from the nation's highways.

"America's forests play a critical role in combating climate change, collectively capturing and storing significant amounts of carbon that would otherwise pollute the atmosphere," said Agriculture Secretary Tom Vilsack. "Forest management on all lands can contribute significantly toward cooling a warming planet, and this new information will assist the public and policy makers as we work to address this significant issue."

Among the key findings in this year's report:

- On average, the amount of carbon stored in forestland has increased over the past two decades.
- The increases since 1990 are partially driven by an increase in the total area of forestland, and partially driven by an increase in the carbon stored per acre.
- Forest area has increased by tree planting and encroachment of woody vegetation into non-forest areas, such as abandoned fields.
- Carbon stored per acre can increase with increasing stand age, an increase in stand density, or it can decrease due to disturbances, such as fire.

◆ **Cadillac Renewable Energy sold**

Cadillac Renewable Energy has been sold to Atlantic Power Corp. for \$77 million.

The 39.6 MW wood-fired plant is currently owned by a joint venture between ArcLight Energy Partners Fund II LP and Olympus Power LLC. It was commissioned in 1993.

Operations and maintenance will be managed by Rollcast Energy, a 60% subsidiary of Atlantic Power.

Rollcast is developing the Piedmont Green Power project, a 53.5 MW wood plant under in Barnesville, Georgia, which is expected to be operational in the fourth quarter of 2012. Atlantic is providing \$75 million in equity to that project.

Delta Power Services, a subsidiary of Babcock & Wilcox that currently provides O&M services at Cadillac Renewable Energy, will provide O&M at Piedmont.

Piedmont is one of three biomass energy projects Rollcast is developing in the Southeast.

