

News and Updates for Michigan's Biomass Industry.

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

Quick Hits

hot off the press

Federal RES bills offered

Two U.S. Senators have introduced bills to establish federal renewable energy standards.

Sen. Mark Udall's (D-CO) bill sets a 25% by '25 standard that includes open- and closed-loop biomass except from existing facilities.

Sen. Edward Markey's (D-MA) bill is also 25 by 25 and includes only biomass that achieves an efficiency standard based on combined cycle natural gas generation, effectively disqualifying stoker-type boilers used by today's biomass industries.

Yard clipping bill stops

A bill that would allow landfills to accept yard clippings for energy has hit a major roadblock in the Michigan Senate committee.

Two Republicans joined with the three Democrats to block 5 to 4 SB 314 aimed at turning grass, leaves and small wood into methane at landfills. Opponents said it would hurt the composting industry.

State law currently bans yard clippings from landfills.

The bill could still be reconsidered.

UK revises biomass regs

The United Kingdom has rolled out new standards for biomass power emissions and forest-based sustainability requirements.

Greenhouse gas limits on biomass plants will be ratcheted down through 2020. The government also said it will keep current forest-based fuel sustainability requirements through 2027.

'Good decisions...' draft reports released

The Michigan Public Service Commission (MPSC) and Michigan Energy Office is releasing four reports on the state's Readying Michigan to Make Good Energy Decisions initiative.

The renewable energy report presents four scenarios for higher renewable energy standards that are all "technically feasible" – standards that range from 15% by 2020 to 25% by 2030. Each of these was presented in scenarios of zero or 1.2% annual load growth, with and without expanded biomass and solar production, and with 100% and 50% of current funding levels.

The scenarios rely on wind providing the bulk of the new renewable energy systems.

The final report on customer choice – regulations that require regulated utilities to allow up to 10% of their customers take service from alternative suppliers – was to be released Nov. 20. Final reports on energy efficiency and other areas are to be released Nov. 15 and Nov. 26 respectively.

Visit www.michigan.gov/energy for more information.

UP power supply in question

WE Energies is finding it hard to provide service to the Upper Peninsula and has notified the Securities and Exchange Commission that it will shut down its Marquette coal plant in February because of load loss due to Michigan customer choice.

That could kill a deal with Wolverine Power Cooperative to upgrade the plant to meet new clean air standards, makes the UP's power supply less certain.

The three mines that made up 85% of WE Energies Michigan load left for an alternative supplier. With minimal load to serve, WE Energies told the SEC in September it will shut down the plant unless the Midcontinent Independent Operating System (MISO) requires them to keep it running for reliability reasons.

Last summer the MPSC granted the Wisconsin-based provider an "accounting deferral" on the costs of customer choice implementation because of its load situation, which makes it impossible for them to recover implementation costs under state statute.

This is not WE Energies' first trip through down this path. The MPSC gave them regulatory relief on implementation costs for the renewable portfolio standards (RPS) for similar reasons.

WE Energies said MISO should pay to run the plant if it determines it is needed to get power to the UP, the Wisconsin Journal-Sentinel reported.

In January 2012 WE Energies announced the plant closure because of costly emission upgrades needed to meet tougher federal clean air standards. Late last year WE Energies struck a deal with Wolverine Power Cooperative to invest up to \$140 million to make those upgrades.

Importing power from Wisconsin is being considered as an alternative to the 400 MW plant. Costs range from \$285 million to \$894 million.





Michigan meets PM standards

Michigan complies with federal air quality standards for particulate matter, according to the U.S. EPA, nixing a lawsuit filed by the Sierra Club over the state's PM mitigation plan.

EPA reached a settlement in the suit, filed against Michigan and New Jersey. However, the settlement no longer applies to Michigan because it's been in PM compliance for three years, with the Detroit regional finally reaching attainment.

Valero leaves Mascoma

Oil giant Valero has pulled out of a \$50 million deal to buy wood ethanol from Mascoma's Frontier Renewable Fuels development in the UP.

In the fall of 2011 the company cut project capacity by half. Last year it rescinded a \$100 million initial public offering.

The project has received funding in the form of state and federal grants and tax credits in the neighborhood of \$120 million.

Read more at www.midwestenergynews.com.

Thetford CON set

The MPSC has initiated proceedings in Consumers Energy's certificate of necessity (CON) application to build a 700-MW gas plant in Thetford Township near Flint.

The CON is a process that seeks a determination from the MPSC that the proposed power plant is needed and is in the best interest of Michigan's ratepayers. If approved, Consumers will be permitted to proceed with development of the project.

The plant is expected to create 600 construction jobs and 30 permanent jobs. Eleven groups have filed for intervention in the case.

What utilities want

According to the 13th Pricewaterhouse Cooper Annual Global Power & Utilities Survey, 94% of the world's power utilities expect a complete transformation or important changes to their business model, while 82% see distributed power generation presenting business opportunities.

In North America, 10% think little will change in the industry. Half see the future similar to today with some "important changes," while 40% see the industry as being "transformed."

Most (82%) see the future as a mix of centralized and distributed power generation; 70% see distributed generation as a business opportunity. Many (56% to 67%) feel demand-side management and curtailing wind power during low demand would improve transmission system operation. Most see energy policy creating market uncertainty and thwarting investment.

Go to www.pwc.com to find the full survey.

USDA, biomass MOU signed

The U.S. Dept. of Agriculture in September enter a memorandum of understanding with the bioenergy industry to help mitigate forest fires.

The MOU encompasses government incentives and barriers to cooperative efforts, communications, adoption of wood energy in certain areas; feasibility, environmental and economic impacts; and development of biomass markets.

Court forces EPA hand on biomass carbon

Carbon emissions from biomass will not be subject to the same regulations as carbon emissions from other stationary sources, such as coal or natural gas power plants, the U.S. EPA has determined.

The ruling came earlier this fall after a U.S. Circuit Court of Appeals determined EPA did not have the authority to specifically exempt biomass carbon emissions under the so-called Tailoring Rule. As a result, EPA is preparing draft rules that states, "The proposed CO2 emission standards would only apply to new fossil fuel-fired EGUs (energy generation units). New EGUs that primarily fire biomass would not be subject to these proposed standards."

EPA says ultimately states it is still developing an accounting framework for carbon emission from biomass fuel that will, "...ultimately depend on the ... process and the type of feedstock, as well as the conditions under which that feedstock is grown and harvested."



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