

The Power of Wood

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

Use sought for Cobb site

Consumers Energy Co. wants to find a new use for the site of the B.C. Cobb coal-fired power plant to help keep the Port of Muskegon viable.

Coal shipments to the plant, slated for decommissioning in 2016, are about 640,000 tons annually. The Army Corp needs at least 1 million tons of commerce to maintain the port, the state's only commercially-viable waterway on Lake Michigan.

Rate redesign sought

A bill introduced in the Michigan House of Representatives would require the Michigan Public Service Commission (PSC) and regulated utilities to work on redesigning electric rate structures.

The objective is to attract and retain "high energy" industrial customers, achieve true cost of service, and maintain affordable rates for residential customers.

ITC eyes \$4.5 B investment

ITC Holdings Co., the largest transmission company in the country, has released details on a \$4.5 billion 5-year build out. A billion of that will be in lower Michigan, and does not include completion of the Thumb Loop meant to transmit burgeoning wind generation there.

The new five-year plan includes \$2.2 billion in four operating companies, \$1.2 billion in regional infrastructure and \$1.1 billion in development, reports *Crain's Detroit Business*.

Biomass tops in RPS

Biomass accounted for 28% of the 4 million-plus renewable energy credits (RECs) retired for 2012, the first year of compliance for Michigan's renewable portfolio standards (RPS). The PSC says 83% of those were 2009 vintage; 12% from 2010. MIRECS, the REC tracking system, showed 2.3 million RECs generated in 2009-10 that were unused and simply expired.

The PSC's 2012 renewable energy report, released in February, revised REC inventories upward, including 2014-15 projections by 22% and 33% respectively. The PSC previously projected a shortage of RECs generated in 2015, causing utilities to dip into their REC "banks."

The report states the 2013 renewable capacity

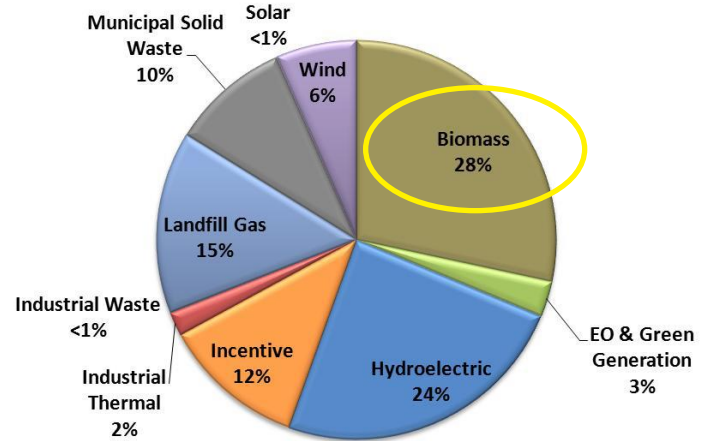
requirements were exceeded for 2012, which requires Consumers Energy Co. to build 500 MW of new renewable energy systems by 2015; DTE Energy 600 MW. Consumers Energy is on track to hit its target, while DTE has already met that target and will have an additional 350 MW on line by the end of 2015.

This is the fourth Renewable Energy Standard Implementation Report issued by the PSC. For 2013, renewables were expected to reach 6.9% with enough new generation to easily hit the 10% goal in 2015.

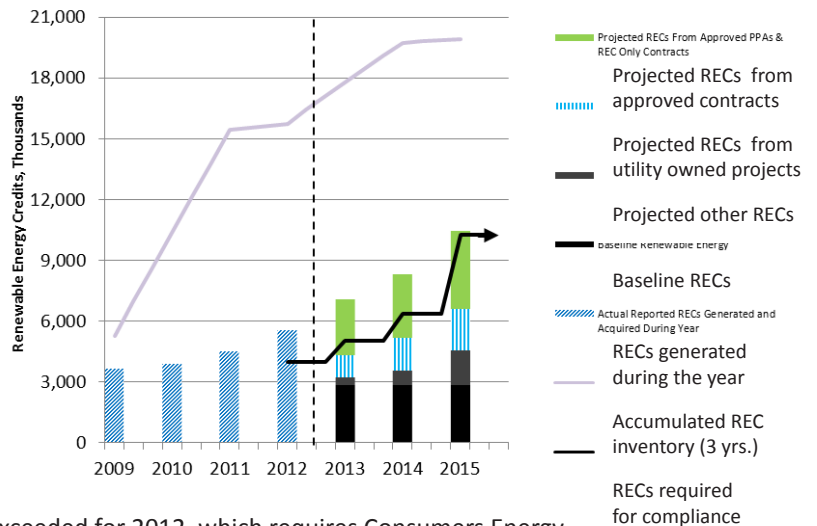
As of 2013 the RPS has resulted in the development of 1,182 MW of new renewable energy systems.

Read the whole report at http://www.michigan.gov/documents/mpsc/pa295report_447680_7.pdf

2012 REC Compliance



2013 REC Forecast





Gov. Snyder wants more recycling

Michiganders recycle just 15% of their waste, lagging behind the national average of 35%. Gov. Rick Snyder thinks the state can do better and he's launched an initiative to make it happen. It includes the creation of a recycling council and \$1.5 million in state funding to get people to recycle more.

Recyclable materials sent to landfills represent \$435 million annually to Michigan consumers.

Michigan's biomass industry "recycles" millions of tons of waste wood, scrap tires and railroad ties by extracting energy value instead of disposing of them in landfills. Biomass is reduce, reuse, recycle.

The recycling initiative coincides with a number of bills moving through the Michigan legislature aimed at permitting the use of "secondary materials" for things like backfill, road beds and soil amendment. If approved, the legislation will make it easier to utilize materials like foundry sands and boiler ash in place of other materials like sand and gravel. Currently, in most cases, these materials are landfilled.

Farm Bill aids forests, energy

Congress passed the 2014 Farm Bill in February, and it includes programs to aid the nation's forests and promote renewable energy.

New provisions bolster the Healthy Forest Restoration Act by providing \$200 million over the next 10 years to fight disease and infestation, and promote and restore ecosystems. That includes the Collaborative Forest Landscape Restoration Program, which allows state foresters to nominate federal lands in need of stewardship, and Good Neighbor Agreements that authorize governors to coordinate with the federal government for additional forest management in their state.

Energy title in the bill includes a revised Biomass Crop Assistance Program, which provides funding for growing dedicated energy crops aimed at increasing the fuel supply for biomass energy such as electricity, pellets and ethanol.

Traditional woody biomass residues are eligible for matching payments only if part of a stewardship initiative focused on fuel load reduction, or addressing infestations and invasive species.

The bill also establishes, in law, that temporary logging roads are not sources of surface water pollution. The US EPA in Region 9 (Pacific northwest) had ruled loggers needed ground water

discharge permits to build temporary roads needed for timber harvest.

Washington state court rules for biomass

The Washington state supreme court has issued an opinion that says carbon dioxide (CO₂) emissions from forest-based power generation do not constitute greenhouse gas emissions, does not impact forest resources and therefore, projects don't need environmental impact statements.

The opinion rejected the appeal filed by five environmental groups against the Port Townsend Paper Co. and the Washington Dept. of Ecology that approved an air permit for the company's biomass power plant expansion.

The opinion upholds Washington state code on CO₂ emissions from industry that states, "fuel wood, wood waste, wood by-products, and wood residuals shall not be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased."

COMMENT: Biomass is needed baseload power

The house Energy & Technology Committee in March conducted two days of marathon hearings whether to allow Michigan ratepayers to shop for electricity, but allow utilities to maintain their regulated monopoly on the distribution of that power.

The choice debate is about one thing – ratepayer costs. High energy users say Michigan's rates are too high and competition will lower them. Others say open markets will lead to even higher prices and less reliability. Both sides lean on the same data and information to support their position.

No one, however, disagreed with one point made repeatedly during those hearings: new US EPA air standards are forcing the closure of aging coal plants, and with those closures comes the loss of baseload generating capacity critical to "keeping the lights on."

Some think Michigan should put its energy eggs in the natural gas basket, but they also know it only takes one hiccup to drive up gas prices, leaving ratepayers holding the bag.

As qualified small power facilities, biomass plants don't have to meet those same stringent standards, bringing reliability and diversity to the state's energy portfolio.

Biomass is part of the solution. Where ever energy policy discussions go, biomass power needs to be part of a diverse energy portfolio that will best serve Michigan consumers.



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