

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

State forester named

Acting division chief Bill O'Neill has been named state forester and chief of the Dept. of Natural Resources Forest Resources Division.

O'Neill has been in acting capacity since January. He started with the DNR in 1985 as a forester. He has a bachelor's degree in forestry, and a master's degree in Forest Management/Business Management, both from Michigan State University

In making the announcement, DNR Director Keith Creagh said, "I have every confidence Bill will continue to do great work for the department and the people of Michigan.

Harbor Beach plant to close

DTE Energy has announced it will shutter its small coal plant in Harbor Beach.

The 103-megawatt (MW) coal-fired power plant was one of seven that the company had identified last fall for closure and at one time was considered for conversion to biomass.

The plant was constructed in 1968 to provide service to the region, which at the time had no transmission capacity.

Midland project advances

The Midland Power biomass gasification project progressed in July when the City of Midland approved the site plan for the 35-MW project; a joint venture of Dow Corning and VC Venture. Ground breaking is expected before year end.

Verso, NewPage talks end

Talks of a merger between Verso and NewPage, two of the nation's leading paper manufacturers and industry stalwarts in Michigan, have ended according to reports in *Twin Cities Business*.

Verso confirmed in July that talks with NewPage were taking place; speculation that started right after NewPage filed for Chapter 11 bankruptcy last September. The companies operate paper mills in Michigan – Verso in Quinnesec and NewPage in Escanaba.

NewPage reportedly said the \$1.4 billion proposal Verso put on the table "posed significant downside risks to its stakeholders, employees and business." That offer included more than \$1 billion of first-lien notes, \$150 million of Verso common stock, and \$200 million of cash, according to a Verso press release.

Verso reported a net loss of \$137 million on revenue of \$1.7 billion in 2011.

Court supports PSC deskewing method

The Michigan Court of Appeals has ruled that Michigan Public Service Commission (PSC) actions regarding rate deskewing are correct and meet the intent of legislation.

For decades commercial and industrial ratepayers in Michigan have subsidized residential rates. PA 286 of 2008 requires that regulated utility rates reflect actual cost of service for each rate class by 2013. The statute also says the rate changes resulting from the deskewing be equal across all rate classes over the five-year phase in period. That math doesn't work and the PSC ruled unequal increases had to be allowed in order to hit precise cost of service targets. The court upheld that ruling.

The rate deskewing was part of regulatory reform effected by PAs 286 and 295 that collectively established renewable and energy efficiency requirements, capped alternative supplier competition at 10% and adjusted rates to remove rate class subsidies.

Weyerhaeuser goes Tree Farm

Weyerhaeuser has announced it's diversifying its source of certified product by accepting fiber grown under the American Tree Farm System (ATFS).

You are likely familiar with the Forest Stewardship Initiative (SFI) and Forest Stewardship Certification (FSC) as the leading certifying bodies used chiefly by the paper and lumber industries, respectively. The objective of these programs, in addition to forest stewardship, is product branding. SFI and FSC certified products are expected to bring greater market share and premium pricing.

ATFS is a program of the American Forest Foundation – the same group that sponsors Project Learning Tree educational programs for K-8 students – and is the preferred certification program for small private forestland owners and sort of a "third fiddle" to SFI and FSC. Weyerhaeuser's acceptance is a big move and indicates the industry's growing desire for system diversification. SFI has been eyeballing biomass plants as a potential certification recruit, and FSC is looking at requiring truckers and loggers to have their own certification under certain circumstances.





Legislative update

The Michigan legislature took action on a number of energy and forest resource bills before heading off for summer recess; some of it amounting to no action.

ENERGY

HB 5447 sponsored by Rep Ray Franz (R-Onekama) would effectively repeal the renewable energy mandate that utilities get 10% of their power supply from renewable resources by 2015. It would freeze the build-out with projects in the pipeline as of yearend 2011.

HB 5760 sponsored by John Olumba (D-Detroit) would increase the state's 10% by 2015 renewable portfolio standard to 30% by 2025 and beyond.

Both bills have seen no action in the House Energy & Technology Committee.

HB 4265 and 4266, sponsored by Rep. Paul Opsommer (R-DeWitt) and Ken Horn (R-Frankenmuth) respectively, were signed into law this spring, which will allow landfills with gas-capture and power generating systems to receive yard clippings, which includes grass and certain other landscape debris. Under previous laws those materials could not be disposed of in landfills.

FOREST RESOURCES

SB 248, the so-called "land cap" bill sponsored by Sen. Tom Casperson (R-Escanaba), has been signed into law (PA 240 of 2012). It restricts the state to 4.65 million acres of ownership until the legislature approves a land acquisition plan to be drafted by the Dept. of Natural Resources (DNR). Ownership north of a line from Mason to Arenac counties is limited to 3.91 million acres.

Changes to the Qualified Forest Act (QFA) are contained in a package of bills (SB 1057 to SB 1062, HB 4969, HB 4970 and HB 4302) that seeks to increase the volume of enrolled acres, increasing the limit on parcel size, improve incentives, reduce penalties for early withdrawal, and move responsibility for the program to the Dept. of Agriculture and Rural Development (MDARD).

This bill package currently rests in the Senate Natural Resources Great Lakes and the Environment. The house bills have passed the House.

HB 4913 was signed by Gov. Snyder in July and reduces the penalty for early withdrawal from the Commercial Forest Act without penalty under certain circumstances, including reimbursement to the state of taxes waived while enrolled in the program.

REGULATORY

SB 939 through SB 942 sponsored by Sen. Arlan Meekhof (R-Holland) modified the state's Clean Corporate Citizen program

that encourages companies to exceed certain environmental protection requirements, adding state bidding preferences to the list of benefits, and codifying it in statute, having been created under administrative rules.

25 x 25 proposal on November ballot

A proposal to cement a 25% by 2025 renewable portfolio standard in the Michigan constitution will be on the November ballot after supporters of the measure filed ample petition signatures.

Michigan Energy, Michigan Jobs, the coalition behind the petition, say the higher standard will increase jobs and lower utility rates. They are opposed by business interests organized as the Clean, Affordable, Renewable Energy coalition, who say the current 10% by 2015 standard must first play out, that the 25% standard will cost Michigan ratepayers \$10 billion to achieve, and that renewable energy mandates don't belong in the constitution.

The proposal is also supported by the Union of Concerned Scientists and renewable energy interests.

DNR gets new director

Keith Creagh has been moved from directing the Michigan Dept. of Agriculture and Rural Development (MDARD) to directing the Dept. of Natural Resources.

Gov. Rick Snyder made the appointment in late June after appointing previous DNR director Rodney Stokes to lead his executive staff responsible for expanding urban recreational opportunities.

Jamie Clover Adams has been named director of MDARD.

MSU/MTU biomass grant

The U.S. departments of agriculture and energy have awarded Michigan Technological and Michigan State universities a \$2.3 million grant for genetic research to improve biofuel production.

The departments announced in July the award to fund "biomass genomics" that could lead to "promising biofuel feedstocks."

Michigan Tech is getting \$1.1 million to analyze genetic traits that affect wood biomass yield and quality in poplar. MSU is getting \$1.2 million to analyze how switchgrass responds to environmental stresses.

Correction

An article in the spring Power of Wood incorrectly stated the percentage of renewable energy credits in the MIRECS registry that came from biomass power sources, as reported in the Michigan Public Service Commission's 2011 renewable energy report. The correct number is 39%.



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