

Quick Hits hot off the press

Talberg tapped for PSC

Gov. Rick Snyder has appointed Sally Talberg the newest member of the Michigan Public Service Commission (PSC). She replaces outgoing Commissioner Orjiakor Isiogu. Talberg worked most recently for Public Sector Consultants and is a former PSC staffer.

LBW&L starts gas co-gen

The Lansing Board of Water & Light has cranked up its new 100-MW gas-fired co-generation plant.

It will replace three coal units, most likely at the Moore Park steam plant or the four-unit, 350-MW Eckert plant build in the 1950s.

Michigan 4th in bio-heat

Michigan leads Midwestern states in thermal energy derived from biomass at 4.44 percent, according to a new report.

FutureMetrics, Inc. says the region's biomass supply could grow from 105 million to 147 million green tons by 2025.

Bill aids biomass heating

U.S. Sen. Angus King (I-ME) has introduced legislation to make wood heating in residential and commercial buildings eligible for renewable energy tax credits, called the Biomass Thermal Utilization Act of 2013 (BTU Act).

There are efficiency requirements in the bill. It emphasizes the importance of heat energy, which accounts for a third of U.S. energy demand but is largely unrecognized in most renewable energy standards.

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.

US Constitution may bar in-state mandate

Renewable portfolio standards (RPS) that require in-state generation to qualify may be in violation of the U.S. Constitution, a federal judge has opined.

In *Illinois vs. Federal Energy Regulatory Commission* (FERC), Judge Richard Posner offered the opinion that requiring utilities to buy power from in-state renewable energy systems violates the commerce clause of the U.S. Constitution.

Michigan was one of six states and several utilities that filed suit against FERC claiming they would pay a disproportionate share of transmission upgrades under a cost allocation scheme based on sales, not utilization. Michigan argued because its RPS required in-state generation it wouldn't use the Upper Midwest transmission upgrades designed to move Plains wind power to eastern markets. In rejecting that argument, Judge Posner said, "Michigan cannot, without violating the commerce clause of Article I of the Constitution, discriminate against out-of-state renewable energy."

While this opinion was not part of the order upholding FERC's allocation process, it opens the door to challenge RPSs across the country.

Court ends biomass GHG exemption

The U.S. Circuit Court of Appeals in Washington, D.C. has ordered the US EPA to vacate a three-year exemption on greenhouse gas (GHG) regulations for biomass power.

EPA issued the Tailoring Rule in 2011 to regulate power industry GHGs, including carbon dioxide, as pollutants, but granted biomass a three-year exemption while it studied the science of biogenic GHGs on climate change. The order essentially says EPA didn't have the authority to single out biomass for special treatment.

It's unclear what EPA does now. It's expected that biogenic GHGs from waste materials – forest residues, mill wastes and landfill diversion – as well as crops grown specifically for energy will remain carbon neutral in the EPA's framework. Uncertain is how EPA will regulate carbon emission from other sources, such as forest thinnings and plantations.

Michigan forests recertified

An audit of Michigan's state forest system indicates best management practices (BMPs) are being practiced more than they were 15 years ago.

The State's forests are dual certified under the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC). BMP utilization is just one of the findings from an SFI audit conducted in 2011 and recently released. It showed 93% of forests are following BMPs. Similar audits in 1996 and 1997 showed utilization at 75% and 82%.

TAC sets priorities

The Michigan Timber Advisory Council (TAC) has identified priorities to revitalize the forest products industry that resulted from a summit in April. They include:

- Expanding exports (national and international)
- Developing market utilization and forest data systems
- Creating and locating value-added industries in Michigan
- Expanding commercial timber harvest on private and federal lands

Continued next page





Continued from previous page

- Enhancing production of biomass energy

Gov. Rick Snyder has challenged the forest products industry to increase its economic impact by 47% over the next five years.

Biomass energy is a vital part of the forest products industry and local economies, representing 26% of all products harvested from the state's vast forest resources. Biomass power aids forest health and stewardship, and provides a market for low-value wood fiber that created economic benefit for higher value markets.

CECo. files CON for gas plant

Consumers Energy Co. has filed a Certificate of Necessity application with the Michigan Public Service Commission (PSC) for construction of a 700-MW natural gas power station in Genesee County (case U-17429).

The facility's air quality permit was approved in July following a public comment period that closed June 18.

The project will include four natural gas combined cycle combustion turbines, a heat recovery steam generator, two simple-cycle black start/peaking turbine/generators, and two auxiliary boilers.

McCarthy to head EPA

The U.S. Senate last month confirmed the appointment of Gina McCarthy as EPA Administrator.

McCarthy headed EPA's air and radiation office during President Obama's first term in office, where she took a lead role in efforts to address global warming. Bioenergy and related industries worked with staff during those years to educate EPA on the benefits of biomass power.

Upping the ante on renewables

Renewable energy is principally about the environment, but it's a lot about jobs, too. Jobs led the charge in the two years leading up to adoption of the "Clean, Renewable and Efficient Energy Act of 2008." Job creation is part of the statute's objectives. It campaigned on putting the state's manufacturing base back to work to satisfy the renewable energy mandate.

The towers for the most recently commissioned Beebe Wind Farm in Gratiot County were built in Korea; the turbines and generators in Germany, shipped through Muskegon. Towers for Consumers Energy Co. 105-MW Crosswinds project in Tuscola County are being built in Wisconsin and shipped across Lake Michigan on the USS Badger.

Many folks in Gratiot County appreciate the benefits these new neighbors have brought, like helping backfill the county's \$400,000 budget hole. These are good things.

The local jobs created during construction of these projects are or will soon be over, save for a couple dozen maintenance technicians. Wind proponent's own data shows this precipitous drop in jobs after startup.

Economics is an inextricable part of energy policy. The Michigan Public Service Commission and Consumers Energy *should* be proud of the \$10 million in local economic impact associated with the 100-MW Lakes Wind project, which got special mention in the PSC's 2012 RPS report. That's laudable.

That same 100 MW being made by Michigan's biomass power plants produces \$18 million annually in local economic benefit – *through fuel purchases alone!* Throw in attributes like being baseload available, and providing forest health, wildlife and environmental benefit, and the value of these megawatts just keep going up.

This isn't meant to bad mouth wind, but it does one-up them in a few categories, especially jobs. Wind is a competitive renewable energy source that should be developed where it makes sense. Like in Gratiot County.

"No regret" energy policy has to include biomass, especially the cost effective capacity we already have. Biomass power is Michigan's leading producer of renewable energy and *sustainable* renewable energy jobs, and it needs to be a big part of the state's and nation's energy future.

October 17, 2013



Michigan Biomass will observe National Bioenergy Day October 17 along with stakeholders across the country. Watch our website — michiganbiomass.com — for details.

If you'd like to participate in with an event of your own, contact Carrie Annand of the Biomass Power Association, at carriean-nand@hillenby.com.



If you would like to subscribe to the electronic version of this newsletter send an e-mail to information@michiganbiomass.com with "subscribe" in the subject line. Please identify yourself by name to be removed from the hardcopy mailing list.