

News and Updates for Michigan's Biomass Industry.

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

Quick Hits

hot off the press

Dow Corning permitted

The Michigan Dept. of Environmental Quality (DEQ) has issued a Permit to Install for Dow Corning's 40-megawatt (MW) Midland Energy biomass gasification system.

There was no public hearing requested. Two comments were filed supporting the project, one by U.S. EPA wanting clarification on record keeping requirements.

Verso plant on line

Verso Paper Corp. has flipped on its \$45 million biomass power plant at its Quinnesec mill.

The 28-MW facility will provide 95% of the mill's power needs, according to the company. It will consume about 364,000 green tons of forest residues.

The facility will continue to use black liquor in addition to the solid biomass fuels.

Tenn.-based Verso operates mills in Michigan, Maine and Minnesota.

AltaGas buys Decker

Decker Energy International has been sold to Calgary, Alberta-based AltaGas, Ltd. in a transaction that brings AltaGas into the U.S. renewable energy market. The acquisition nets the company 35 MW of biomass power through its 30% share in the 36-MW **Grayling Generating Station** and a 50% share in the 48-MW Craven County Wood Energy facility in New Bern, NC.

In a separate transaction Decker sold to another company its interest in a 37.5-MW biomass project presently under construction in Plainfield, Conn.

Renewable energy petition approved

The Board of State Canvassers has approved petition language for a ballot proposal that would make renewable energy a part of the state constitution.

Michigan currently has a statutory renewable portfolio standard (RPS) of 10% beginning in 2015 and continuing through 2029. *Michigan Energy, Michigan Jobs*, a coalition of renewable energy, environmental and economic interests (www.mienergymijobs.com) is circulating petitions to get a *permanent* 25% standard written into the state constitution.

If the petition is successful the new standard will be on the November 6 general election ballot.

The proposal would limit compliance to energy from Michigan renewable energy systems and cap the impact on ratepayers to 1% annually. Off ramps are provided if non-compliant utilities can justify their inability to meet the standard.

The January announcement comes on the heels of hearings on Michigan's RPS conducted by the Senate Energy and Technology Committee, which concluded there was no justification for "opening" the RPS statute to make changes.

Bills affect forest management, state holdings

The Michigan legislature is working over a handful of bills that could positively impact the state's wood fiber market.

HB 4302, HB 4969 and HB 4970 make changes to the Commercial Forest Act (CFA) and the Qualified Forest Act (QFA) aimed at getting more non-industrial private forestland owners to actively manage their forestlands. SB 248 would cap the amount of land the state could control to 465,000 acres.

QFA provides tax incentives for developing and implementing a qualified forest management program. The bills simplify qualifying requirements and ease withdrawal penalties in the hope of getting more acreage into the program.

The so-called land-cap bill seeks to restrict the number of acres the state can own or otherwise control.

The forest bills have been moved to the house floor while the land bill has passed the state senate and is awaiting action in the house Natural Resources and Outdoor Recreation Committee.

Timber advisory group named

The Michigan Dept. of Natural Resources has appointed the Timber Advisory Council, a new body that will advise the new Forest Resource Division on timber management issues.

Members are:

- Charlie Becker, Plum Creek
- Gerald Grossman, consulting forester
- J.R. Richardson, NRC commissioner, chairman, Traxys Energy
- Jessica Torino, Weyerhaeuser
- John Lamy, Louisiana-Pacific Co.
- Keith Martell, consulting forester
- Margaret Gale, Dean, School of Forest Resources and Environmental Science, Michigan Tech
- Margaret Minerick, President, Sagola Hardwoods

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- Mike McCuiston, Director of Physical Resources, Edward Lowe Foundation
- Rich Bowman, Director of Gov. Relations, Michigan Office, The Nature Conservancy
- Gary Melow, Director, Michigan Biomass

The group will convene for the first time in March.

RenewaFuel sold

An Upper Peninsula biomass pellet operation that ceased operations last fall has been sold.

RNFL Acquisition LLC bought the 150,000 tons-per-year facility in Marquette County from Cleveland Cliffs, a mining company that decided in October it wanted out of the biomass fuel processing business after the facility failed to meet production expectations.

According to newspaper reports RNFL is made up of former minority interests in RenewaFuels and said it will retain the brand name.

Circuit court rules on EPA air rules

The U.S. Circuit Court in Washington, D.C. has remanded back to the U.S. EPA a notice for reconsidering air emission rules it released in October, saying the agency did not follow its own procedures in issuing notice.

While the court order invalidates the notice, it's not clear how that impacts implementation of the rules and further entangles the entire rule-making process.

The order, issued in a suit brought against EPA by the Sierra Club and other environmental groups, is yet another chapter in this 10-year-old saga to make EPA implement more stringent air emission standards for commercial boiler operators, including biomass power plants and mills that use their byproducts for internal heat and power.

EPA issued the rules in 2010, but wanted more time to get the rules right. The court said no and EPA released new rules in February 2011 with the caveat it would reconsider them, inciting the suit filed by the environmentalists.

EIA says biomass to increase

Power generation from renewable resources will grow from 10% to 16% over the next 25 years and biomass could account for 30 percent of that growth, according to a report update from the Energy Information Agency (EIA).

EIA's annual energy forecast for 2012 says when excluding hydro-power, biomass power can account for 30% of the 2 quadrillion Btu (eq.) growth in the renewable power sector by 2035. Wind

would provide 44% of that growth. Consumption of solar energy will grow the fastest but starts from a small base for a limited share of the total in 2035.

Based on those figures new biomass power would equal about 9,700 MW of installed capacity nationwide.

The report says coal will continue to play a diminishing role, falling to 39% of the market in 2035, well below the 49% share seen in 2007, due in part to complying with new environmental regulations. Still, coal production is expected to grow minimally over the period by 0.3%.

Average market prices are expected to drop from 9.8 cents to 9.2 cents per kilowatt hour (kWh) by 2019, due largely to low natural gas prices, and tick up to 9.5 cents in 2035.

Comment: Broad energy policy needed

"Failed" biomass energy projects around the country have been taking flack in the media lately, with some arguing that public dollars spent on alternative energy research and development is a black hole for federal funds.

Such statements punctuate the need for our state and federal governments to have comprehensive and focused energy policy. Not just renewable energy, but nuclear, oil, gas and coal included.

Developing new products and new markets is a tough business. Failure is not uncommon; some might argue it's a necessary part of the process, tempering and making robust those who survive the rigors of capitalism and consumerism.

Without solid energy policy these programs and their dollars, and the projects that fail and succeed by them, become mere parts and pieces judged on their separate merits, not as critical parts of "the whole." Assessing individual renewable energy projects — like the on-again, off-again Range Fuels in Georgia, or the promising Frontier Renewables wood ethanol plant here in Michigan — is less valuable without the context of the "big picture."

Lansing and Capitol Hill need to start painting that portrait.

HERE or THERE?

The State of Maine is enhancing its three deep water ports to handle shipments of biomass to Europe while a French company is shipping wood pellets from Southeast states out of Virginia ports.

Shipped out with that wood are the jobs we could be creating here in the US by converting that resource to energy for our own use. These are local resources that can provide more local jobs if we put it to good use here. Let's not let that happen in Michigan.



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