

## Quick Hits

hot off the press

### Poo-power program

Consumers Energy Co. has launched its Experimental Advanced Renewable Program (EARP) exclusive to anaerobic digestion, a renewable energy technology that creates methane for heat and power generation.

Consumers has several EARP programs, most targeted at small commercial installations. The AD version was rolled out in a one-day seminar sponsored by Michigan State University and the Michigan Public Service Commission (PSC).

### Verso to acquire NewPage

Verso Paper Corp. has announced plans to buy NewPage Holdings, Inc., bringing Michigan's two largest paper mills under single ownership.

The \$1.4 billion deal awaits regulatory approval.

A company spokesperson reported that the deal will not impact production at either of the two mills.

NewPage blocked a similar attempt by Verso in 2012.

### UPPCO gets sold

Chicago-based Integrys Energy Group has announced it will sell its Upper Peninsula Power Co. (UPPCO) to Britain-based investment group Balfour Beatty Infrastructure Partners, LP. The deal is worth \$220 million.

# 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](http://www.michiganbiomass.com) for more information.

### Snyder calls for clean tech, energy conservation

Energy conservation and phasing out coal plants with cleaner technologies, including renewables, will be on Gov. Rick Snyder's energy policy radar over the next two years, he told reporters in December.

Snyder said the shift away from coal over the next 10 years is inevitable, which will make room for natural gas and renewables that will bring adaptability to changing markets and policies. He supports "a reasonable range" of renewable portfolio standards, but did not offer a hard number.

His comments echo reports from the PSC that say additional and affordable renewable is feasible, predicated on most additional renewable power coming from wind.

Snyder commented on the high cost of power in Michigan – above the national average – but he stopped short of speculating on the role that customer choice may play in those costs. He would also like to see Michigan rank in the top 25% of states on transmission and distribution reliability.

Factors such as the cost of alternatives, unintended consequences, associated transmission upgrades, and non-energy benefits, i.e. grid support, need to be part of decision making, he said.

### Belle Isle energy

About 60 dead, damaged, diseased or dangerous trees removed from Michigan's newest state park – Belle Isle – produced electricity.

Mid-Michigan Recycling, a fuel provider to Genesee Power Station in Flint, donated a Michigan-made Morbark horizontal grinder and crew to the Michigan Dept. of Natural Resources (DNR), which is leasing the ailing park from the City of Detroit. The tree maintenance and removal provided a month's worth of power for nearly 100 homes.

The state provides maintenance and operations at Belle Isle through its award-winning Pure Michigan state parks system, with the support of dozens of public and private partners. Visit [www.michigan.gov](http://www.michigan.gov) and click through "camping & recreation" to learn more about the park.

### MISO says UP plant must run

The 431-megawatt (MW) Presque Isle coal plant in Marquette must run to keep the power flowing to the Upper Peninsula, according to the Midcontinent Independent System Operator (MISO). Wisconsin-based We Energy had asked that they be allowed to shut down the plant.

We Energy says if MISO mandates the plant's operation, it should be compensated accordingly.

The announcement ends a deal between We Energy and Wolverine Power to bring the plant up to new US EPA emission standards.

### GM takes renewable energy from DRE

The PSC has approved a deal for Detroit Renewable Energy (DRE) to supply General Motors with process steam to heat and cool portions of the automaker's Detroit-Hamtramck assembly plant.

The waste-to-energy project is expected to supply 58% of the plant's energy needs.

DRE uses more than a million tons of refuse derived fuel (RDF) to produce electricity and steam.

The steam pipe will provide the equivalent of 15.8 MW of renewable energy to the plant, which is about 12% of GM's goal of 125 MW by 2020.





### **Storm debris headed to landfills**

December's ice storm created tons of wood debris, and the Michigan Dept. of Environmental Quality (DEQ) lifted the landfill ban on green wood in six counties in order to speed the cleanup.

The provisions allow municipal and other government crews in Genesee, Shiawassee, Barry, Clinton, Eaton and Ingham counties to deposit up to 10,000 tons each of limbs and other wood debris caused by the pre-Christmas ice storm that rolled through central and southern Michigan.

That debris would have produced about 4 MW of power – a year's worth of power for 2800 homes sent to landfills.

### **Consumers Energy opts to buy, not build**

Consumers Energy Co. has decided to buy additional gas-generation capacity versus build it.

The utility in 2012 announced plans to build a \$700 million, 750-MW gas plant in Genesee County. Last fall the PSC approved a deadline extension to allow the company to consider buying additional gas-fired.

The company has put new-plant plans on hold while it pursues the purchase of the 540-MW plant near Jackson, valued at \$250 million.

### **EIA forecasts renewables**

Short-term forecasts say wood biomass – electricity and thermal energy – could produce the equivalent of 119,000 megawatt hours (MWh) of power per day in 2014, down from 220,000 last year.

The projections come from the US Energy Information Agency (EIA). Their forecast for biomass power production in 2015 shows are rebound to 223,000 MWh per day.

Woody biomass utilization in 2015, based on energy input, is expected to increase less than 1% next year.

### **Congress OK's Farm Bill**

The US Congress has approved a new Farm Bill that reduces total cost and preserves funding for renewable energy.

The legislation cuts total spending, replaces direct farm subsidies with insurance, and includes mandatory funding for renewable energy, such as the Biomass Crop Assistance Program that promotes development of advance biofuels for energy conversion.

BCAP was first launched in 2009, but was halted midway through the program to resolve a number of structural problems and unintended consequences.

The new version includes mandatory funding, with certain restrictions, to promote purpose-grown crops, such as energy grass and willow farms, and subsidies for the collection, harvest, storage and transportation of biomass byproducts, such as forest residuals, that don't skew regional fiber markets.

### **COMMENT: Biomass worth public investment**

In January Michigan oil interests testified before the Michigan House Energy and Technology Committee on a trio of bills to promote enhanced oil recovery (EOR), which employs various extraction technologies to draw the last bit of oil from a reservoir. It's the tough-to-get-at stuff conventional drilling leaves behind.

Additional oil extraction would contribute to energy independence, Michigan jobs and better economics.

Biomass does all these things, too.

According to the Dept. of Treasury, these so-called "stripper wells" in FY 2013 produced 2 million barrels (27% of total net production) and generated \$10.5 million in severance tax revenues. Michigan could produce more oil from these marginal wells – up to 200 million barrels over their lifetime – if the extraction costs were lower, like lowering the severance tax on that oil. HB 4885 would cut it in half.

**Biomass is Michigan-made domestic energy.** It creates Michigan jobs and supports rural economies and the local tax base. It relies on "leftovers" like forest residuals and wood scraps from diverse and distributed sources, which can be tough-to-get-at stuff.

We've been doing it for 30 years, without subsidies or other specific public investment. And because wood is a renewable resource, we'll never leave because the well ran dry.

That's a pretty good deal for Michiganders and warrants support in state energy policy.



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