

Quick Hits

Hot off the press

Wolverine denied

The Michigan Dept. of Natural Resources and Environment has denied an air quality permit for Wolverine Power Cooperative's planned co-fired coal plant in Rogers City.

Gov. Jennifer Granholm (D) said the permit was denied because the generation capacity wasn't needed and the cost to ratepayers was too high, calling the state's projected rates for the project "a job killer."

Wolverine is weighing its options. The proposed project is a 600 megawatt (MW) coal-fired power plant that would utilize biomass for up to 20% of its fuel.

The decision agrees with one from the Michigan Public Service Commission (PSC), which said rates would increase nearly 60% if the project was built.

REC sales OK'd

The PSC has approved renewable energy credit (REC) sales agreements for two companies having to comply with the state's renewable portfolio standard (RPS).

Detroit Edison will buy at least 210,000 RECs at \$7.75 each from Boyce Hydro Power, LLC. Alpena Power Co. will buy up to 502,231 RECs from Consumers Energy Co. over the next 20 years starting at \$30.37 each and averaging \$40 after 2024.

RECs are produced by renewable energy generators and are the mechanism for RPS compliance.

Michigan Biomass

- Cadillac Renewable Energy*
- Genesee Power Station*
- Grayling Generating Station*
- Hillman Power Company*
- Lincoln Power Station*
- McBain Power Station*

The Power of Wood

Information and updates affecting Michigan's biomass energy industry

◆ **Mid-Michigan Recycling partners with MSUE on research**

Mid-Michigan Recycling, the exclusive fuel vendor for Genesee Power Station, is helping Michigan State University Extension evaluate the use of road right-of-ways, airports and other non-croplands to grow and harvest biomass for energy.

MMR is a leading wood waste company dedicated to the reuse, recycling and recovery of wood and other renewable materials. It handles up to 1.5 million cubic yards of wood annually with the principal objective of providing fuel to Genesee Power Station, a 36-MW wood waste power plant in Flint. MMR is providing MSUE guidance on energy production issues such as the need for feedstock content analysis, permitting and fuel handling. The power plant will conduct test burns to evaluate different feedstocks collected from these lands. Research plots will be developed and conversion tests conducted next year if the preliminary study shows promise.



The grassy plant miscanthus is being researched as a potential biomass energy crop.



The project is being funded in part through a \$24,950 grant MSUE received from the Michigan Dept. of Energy, Labor and Economic Growth (DELEG) to evaluate the potential of producing, harvesting and processing bio-energy crops on non-traditional cropland. MMR is one of several project partners that will help quantify and evaluate the potential of road rights-of-way and vacant urban land in the production of biomass that can be converted to ethanol, bio-diesel or electricity.

"There is an estimated 1.4 million acres in Michigan road right-of-ways with additional urban vacant lands that could be used to grow and harvest biomass and other energy crops," said Dennis Pennington, Bio-energy Educator at the MSU Kellogg Biological Station in Hickory Corners. "This could be a significant resource in helping Michigan to achieve renewable energy objectives, generate rural economic activity, create jobs and reduce our carbon footprint.

"If we can produce and harvest biomass on just 10% of that land, we could produce 20 million gallons of ethanol or generate 290,000 megawatt hours (MWh) of electricity annually."

The study seeks to identify potential barriers to energy crop production on these lands and develop a road map for further work. The final report will summarize the findings of the project partners, identify potential research projects and conduct a preliminary evaluation of economic potential. GIS data management systems will be utilized to model output and develop maps for future use.

For more information visit www.bioenergy.msu.edu, or contact Pennington at (269) 671-2412, ext. 221, via e-mail at pennin34@msu.edu

◆ **BCAP suspended**

The U.S. Dept. of Agriculture in February suspended the Biomass Crop Assistance Program (BCAP) pending comment, review and adoption of proposed program rules.

Last year USDA implemented BCAP, authorized under the 2008 Farm Bill and a

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

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presidential executive order. Phase one to supplement the collection, harvest, storage and transportation (CHST) of eligible feedstock for qualified biomass energy facilities was initiated last July. Nationwide it provided a half billion dollars in subsidies – much higher than was originally anticipated. The program supplied a dollar-for-dollar subsidy, up to \$45 a dry ton, to providers of eligible fuels to eligible energy facilities.

USDA has received more than 26,000 comments on the proposed rules. Some of those rules would limit the participation and eligibility of existing energy plants. These biomass conversion facilities (BCF) turn eligible biomass into electricity, heat or advanced bio-fuels such as transportation fuels or wood pellets. Under the proposed rules materials that traditionally have other markets, such as fiber board manufacturing, would not be eligible for the subsidy. Also, eligible BCFs would be limited to new facilities or applied only to energy production above baseline levels at existing facilities. How that baseline would be set has not been determined. A lower, “second tiered” subsidy for these facilities is also being considered.

The February suspension ended BCAP payments to eligible material owners and the processing of all applications until the program is reinstated, anticipated for this fall.

BCAP is intended to jump start bio-energy production by putting more feedstocks into the marketplace.

Phase two of the program, which has not yet been implemented, will provide direct financial assistance for the production of biomass energy crops for specific, new BCFs.

◆ **Biomass energy projects move forward**

Planning for two separate biomass energy projects representing a potential 25% increase in the demand for woody biomass fuel stocks have advanced with resolutions and permits.

The board of directors for Traverse City Light & Power voted to pursue plans for a 10-MW wood gasification project, while Mancelona Renewable Resources received its necessary permits.

On a split vote the TCL&P board moved ahead with its plans for 10 MW, and possibly up to 30 MW of power from woody biomass gasification as part of its “30 by 20” renewable energy plan. Two of the seven-member panel voted against the resolution, wanting more time to dialogue with concerned citizen groups.

TCL&P purchases most of its power from downstate coal-fired power plants. The board said developing biomass and other renewables would bring jobs to the community and make the city energy independent.

The resolution allows TCL&P to pursue engineering studies,

hot water and steam sales, permits and fuel contracts needed to make the project viable.

The former Dept. of Environmental Quality (DEQ), before it’s merger with the DNRE, issued an air quality permit to Mancelona Renewable Resources, a 36-MW wood plant.

◆ **MIRECS launched**

The Michigan PSC launched the Michigan Renewable Energy Credit System – MIRECS – April 1.

MIRECS will be used to create, register and track RECS associated with Michigan’s Clean, Renewable and Efficient Energy Act adopted in 2008 – the RPS.

MIRECS is one of the more complex credit trading systems in the nation in that it must handle the wide variety of Michigan credits eligible for trading and compliance: credits for advanced clean energy (ACE), energy optimization credits and “incentive credits” – bonuses available for renewable power generated with certain technologies, from facilities built with Michigan labor, or power generated during peak demand. The system is even more complicated in that standard RECs, ACE credits and optimization credits have interchangeability at different ratios. The system will also allow transfer and conversion of RECs between different state programs.

MIRECS has the capability to convert and interchange Michigan credits for credits suitable to markets in other states.

◆ **Michigan Biomass participates in events**

Michigan Biomass presented two overviews of the state’s biomass energy market: during Kirtland Community College’s Earth Week and as part of a biomass energy panel at the annual convention of the Michigan Association of Timbermen.

Director Gary Melow told audiences that current demand for wood fuel in Michigan for energy production -- electricity, pellets and industrial heat and power -- totals 4.4 million green tons per year. Some 15 proposed projects could increase demand to more than 17 million green tons annually, raising questions on the continued viability of the waste wood economic model that existing facilities have used to provide renewable energy at coal-energy prices for more than 20 years.

About 50 MAT members attended the biomass panel discussion that included Donna LaCourt, biomass specialist for the Michigan Economic Development Corp.; Danny Dructor, Executive VP of the American Loggers Council; Dale Allen, Conservation Chief for the Michigan office of the U.S. Dept. of Agriculture; and Larry Merrill, Executive Director of the Michigan Township Association.

