



Watt's New? *Michigan Energy News*

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"We've experienced lower costs to build our own wind energy parks, as well as for contracts to purchase power."

Irene Dimitry, DTE Energy
Vice President of Marketing
and Renewables

Huron County Seeks Clarification on Taxes

The Huron County Board of Commissioners has resolved to not take any more action regarding wind energy projects until Michigan clarifies the regulation and taxation of wind turbines. Therefore, it has decided not to act on a request to release 26 acres in Windsor Township from restricted "farmland preservation use" needed to build a substation for the new Thumb Loop transmission line. Meanwhile, it has joined with other counties with wind energy projects (including Sanilac, Tuscola, and Gratiot Counties) to form the Michigan Renewable Energy Coalition. The MREC has lobbied the State Tax Commission to formulate a fair process to determine wind turbine tax values and tax depreciation schedules. Now the State Tax Commission has formed a "multiplier committee" consisting of the MREC, local equalization officials, and utility representatives to address the depreciation issue.

Court Rules on Cost Allocation for Transmission Upgrades

Michigan's challenge to the allocation of costs incurred for the upgrade of the Midwest electric grid transmission system has been rejected by the U.S. Court of Appeals for the Seventh Circuit. The case stems from actions taken by the Midwest Independent System Operator (MISO) to add a charge to wholesale transmission pricing across its twelve state region to finance the grid upgrades necessary to bring wind generated energy from remote wind farms to population centers. The authority to assess the charge was given to MISO by the Federal Energy Regulatory Commission. Michigan argued that its ratepayers would not realize much benefit from the new infrastructure because: 1) Michigan utilities draw very little power from MISO because the interconnection with Indiana is severely limited; and 2) out-of-state renewable energy cannot be counted toward the state's renewable energy standard mandate. In rejecting these arguments the Court also commented that any discrimination by Michigan against out-of-state generation could be deemed a violation of the Constitution's Commerce Clause. Since this Constitutional question was not before the Court, this comment is *dicta* and cannot be viewed as definitive or controlling. Nonetheless, the trade press has picked up on the comment and is speculating whether someone will soon file a test case.

Amended Renewable Energy Plan Yields Rate Reductions

DTE Energy has filed an amended renewal energy plan with the Michigan Public Service Commission that proposes \$90 Million in rate reductions. These are reductions to the renewable energy surcharge imposed under state law requiring a 10 percent renewable energy supply by 2015. The 85 percent reduction in surcharges will affect all customers, with the following proposed changes:

- Residential: from \$3.00 to \$0.43 per meter per month;
- Commercial: from a range of \$4.00 - \$16.58 per meter per month to \$0.60 - \$2.51 per meter per month; and
- Industrial: from a range of \$16.58 - \$187.50 per meter per month to \$2.71 - \$26.68 per meter per month

The company has also announced it will increase its annual \$300 million in maintenance expenditures to \$350 million in each of the next five years to put in new, modern equipment. The purpose of the increase is to reduce the frequency and duration of power outages.

"GM has made significant commitments to renewable energy."
Len Jornlin, Empower Energies CEO

Solar Panels at GM Tech Center

Empower Energies of Troy has completed four photovoltaic solar projects, including a ground-mounted 49 kw solar array and three solar electric vehicle charging stations at the General Motors Technical Center in Warren. The projects are part of GM's commitment to install and use 125 MWs of renewable energy by 2020. Empower has installed 22 similar solar canopies at Chevy dealers, GM facilities, and other locations around the country.

New Energy NGO in Michigan

The new Institute for Energy Innovation's (IEI) mission is to promote greater public understanding of advanced energy and its economic potential for Michigan and to inform the public policy discussion on Michigan's energy challenges and opportunities. It provides independent research, organizes informational and networking events, and develops recommendations to spur the public debate. A 501(c)(3) organization, it is the not-for-profit sister organization of the Michigan Energy Innovation Business Council (EIBC). The IEI report entitled *Ensuring MI's Energy Future* was submitted at the February 25 Energy Forum in Grand Rapids by the EIBC. In April IEI published a white paper on market barriers to solar project development in Michigan. Other reports have detailed how the Michigan energy optimization standard has saved ratepayers a significant sum and the economic benefits to Michigan arising from advanced energy. See www.instituteforenergyinnovation.com

Wind Towers Shipping from Monroe

Monroe-based Ventower Industries is running seven days a week, with two 10-hour shifts, four days a week and a third weekend shift, to meet the demand for its wind turbine towers. In business since August 2011, Ventower shipped its first wind tower sections a year ago. With 65 employees currently, it may add a fourth shift at night on the weekends. The company has been concentrating on the requirements of its largest customer, a major American maker of wind-energy equipment, for the construction of wind farms in the Midwest.

Michigan Shorts

Ω The State Tax Commission has affirmed that solar panels are to be considered industrial personal property for tax assessment purposes Ω Southfield based Atwell LLC (engineering and construction) has acquired Peak Power Engineering (engineering services for utility-scale power generation systems, transmission lines, and distribution networks) Ω House Bill 4778, co-sponsored by Ray Franz and Greg MacMaster, would prevent the state from entering into a lease or deed to site offshore wind research structures or wind turbines on Great Lakes bottomlands Ω ViSole Energy of Troy has changed its name to Empower Energies Inc. to reflect its new focus beyond solar energy Ω Indiana Michigan Power Company has signed a 20-year power purchase agreement with EDP Renewables North American LLC to buy 200 MW of energy from the Headwaters Wind Farm in Indiana. ΩΩ

Give a Value to Stable Energy Fuel and Disposal Costs

Anyone watching the up and down machinations of gasoline prices in Michigan this month, or who can remember when natural gas prices were over \$12.00/mcf and not the current \$3.89/mcf, must wonder why economists ever try to make energy price predictions. Can they really predict the life cycle fuel cost for the gas-fired power plant proposed by Consumers Energy? Can they really tell us the life cycle disposal costs for the nuclear power plant proposed by DTE Energy? Did they accurately predict the sharp increase in fuel costs when coal prices were flat but coal transportation costs skyrocketed? Imagine a world where fuel costs and disposal costs are fixed for ten, twenty, or thirty years—fixed at zero. It takes away the guesswork; we could dismiss the economists. Distributed and renewable energy—wind, solar, geothermal—convert key variables in the energy equation to "zero". It is time to give certainty and predictability a value in energy resource planning.

Michigan Energy Venues

- *How Will Disruptive Challenges in the Electric Markets Impact Michigan's Energy Decision*, University of Michigan's Ross School of Business, Ann Arbor, June 26, 9:30 AM. www.energyfutures.eventbrite.com
- *A Roadmap to Community Solar*, Michigan Alternative & Renewable Energy Center, Muskegon, July 9, 16, 23 and 30, 6-9 PM. www.glrea.org/ or www.tinyurl.com/GVSUSolar
- *Midwest Cleantech Open Innovators Workshop*, NextEnergy Center, Detroit, July 16-18. www.migtea.org/
- *West Michigan Energy Conference; Renewables, Efficiency and Policy*, Michigan Alternative & Renewable Energy Center, Muskegon, July 25, 8:30 AM. www.tinyurl.com/GVSUSolar or www.miagbiz.org/
- *Ford Energy Lecture: Business Opportunities in Renewable Energy and Energy Efficiency*, Gerald R. Ford Museum, Grand Rapids, July 30, 7:30 PM. www.varnumlaw.com/news-events/

