



# Manistee County Board of Commissioners

Manistee County Courthouse • 415 Third Street • Manistee, Michigan 49660

CHAIRPERSON  
Allan O'Shea  
VICE-CHAIRPERSON  
Janice McCraner

Kathy Fenstermacher  
Edward Haik  
Ervin Kowalski  
Glenn Lottie  
Carl Rutske

CLERK

Marilyn Kliber  
(231) 723-3331

CONTROLLER/ADMINISTRATOR

Thomas Kaminski  
(231) 398-3500

## MANISTEE COUNTY GREEN TEAM COMMITTEE

Friday, October 3, 2008  
1:30 P.M.

Manistee County Courthouse & Government Center  
Board of Commissioners Meeting Room

### AGENDA

- 1) Ed Kriskywicz - Fairgrounds
- 2) MAC Fairgrounds Follow-up (APPENDIX A)
- 3) Renewable Portfolio Standard (RPS) Legislation (APPENDIX B)
- 4) NWMCOG Beaver Island Report on the Global Economy and the Keynote Speaker
- 5) RER Follow-up (from MAC Summer Conference, Glenn Lottie) (APPENDIX C)
- 6) Other Items from Committee Members
- 7) Adjournment

# APPENDIX A

----- Original Message -----

**From:** Gabriel Zawadzki  
**To:** Sue Wagner  
**Cc:** mccormack@micounties.org  
**Sent:** Monday, September 29, 2008 10:54 AM  
**Subject:** RE: Fair Ground Grants

Sue,

I apologize for taking this long to get back to you. I spent last week driving to and from Iowa for a funeral and am trying to catch up to everything today. I did talk to Tom Stanton from the MPSC, and he directed me to the specific grant Manistee would be applying for, the Michigan Energy Efficiency Grant. The 2008 application deadline has already passed, and Tom said that the application cycle for this grant is not predictable, so we can't say for sure when the next application opportunity will be. Also, there are three component areas in the grant, and an applicant needs to tailor their application to one of them. These components change with each grant cycle. Tom thinks, however, that Manistee should start work on an application regardless in order to be able to apply as soon as the next round of grants is announced and that the county should be in a good position to meet on of the component's requirements with the focus on energy efficiency.

Coalitions of counties seem to be the way to go, but there are several ways they could be set up. I will give you a call once I have had a chance to read through the guidelines for the last round of Michigan Energy Efficiency Grants.

Gabriel Zawadzki  
Michigan Association of Counties Service Corporation  
Grant Services Program Assistant

**From:** Sue Wagner [mailto:swagner@manisteecounty.net]  
**Sent:** Monday, September 29, 2008 9:44 AM  
**To:** Gabriel Zawadzki  
**Subject:** Fair Ground Grants

Gabriel:

Is anything happening with the fair ground grants?? The Green Team meets this Friday and I will be out of town most of this week, so I wanted to get an update to leave for them.

Thanks,  
Sue Wagner  
Manistee County Planner  
415 Third Street  
Manistee, MI 49660  
231-723-6041; fax: 231-723-1718  
email: swagner@manisteecountymi.gov

9/29/2008



## Summary of Legislation Passed by the Michigan House of Representatives and Michigan Senate<sup>1</sup>

September 19, 2008

Yesterday, the Michigan House of Representatives and Michigan Senate reached a compromise on a package of bills to establish a comprehensive, sustainable, long-term energy plan for Michigan. The bills passed the House and Senate on bipartisan votes. Governor Granholm has 14 days after the bills are enrolled in their respective chambers to sign the bills.

"We applaud the strong leadership of the Michigan legislature and their commitment in implementing a comprehensive energy reform package. These bills provide a solid solution to our energy issues with clear benefits to Michigan's residential customers, businesses, utilities, and our economy," said Anthony F. Earley Jr., DTE Energy chairman and CEO. "More specifically, these bills will ensure clean, affordable and reliable energy for Michigan customers as well as create new jobs as we work to diversify the state's energy resources and spur economic development."

The package of bills includes:

- House Bill 5524 reforms Michigan's utility regulatory framework, including the Electric Choice program
- Senate Bill 213 establishes a renewable portfolio / energy efficiency standard and provides a funding mechanism

### **HB 5524 – Regulatory Reform**

HB 5524 makes the following changes in the regulatory framework for Michigan utilities.

Provisions of the bill include:

- o *Electric Choice reform.* The bill establishes a 10 percent limit on Electric Choice. In general, customers representing 10 percent of a utility's load may receive electric generation from an electric supplier that is not a utility. After that threshold is met, other

---

<sup>1</sup> This document includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements typically contain, but are not limited to, the terms "anticipate", "believe", "estimate", and similar words. These statements should be read in conjunction with the "Forward-Looking Statements" section in DTE Energy Company's "DTE Energy" and Detroit Edison's 2007 Forms 10-K and their 2008 quarterly reports on Form 10-Q (which sections are incorporated by reference herein), and in conjunction with other SEC reports filed by DTE Energy and Detroit Edison that discuss important factors that could cause DTE Energy's and Detroit Edison's actual results to differ materially. DTE Energy and Detroit Edison expressly disclaim any current intention to update any forward-looking statements contained in this document as a result of new information or future events.

remaining customers will remain on full, bundled utility service. As of June 30, 2008, approximately 2 percent of Detroit Edison's load was on Electric Choice. The bill also allows continuation of prior Michigan Public Service Commission (MPSC) policies for customers to return to full utility service.

- Cost-of-service based electric rates (deskewing). The bill requires the MPSC to set rates based on cost-of-service for all customer classes, eliminating over time the current subsidy by businesses of residential customer rates. This provision does not change total revenue for Detroit Edison. It lowers rates for commercial and industrial customers and increases rates for residential customers to match the actual cost of service for each customer class. Rate changes will be phased in over five years, with a 2.5% annual cap on residential and industrial metal melting rate increases. Rates for schools and other qualified educational institutions will be set at their cost of service sooner.
- File and use ratemaking. The bill establishes a 12 month deadline for the MPSC to complete a rate case and allows a utility to self-implement rate changes six months after a rate filing, subject to certain limitations. If the final rate case order leads to lower rates than the utility had self-implemented, the utility will refund, with interest, the difference. In addition, utility rate cases may be based on a forward test year.

The bill also has provisions designed to help the MPSC obtain increased funding to add staff.

- Certificate of Need process for major capital investments. The bill establishes a certificate of need process for capital projects costing more than \$500 million. The process requires the MPSC to review for prudence, prior to construction, proposed investments in new generating assets, acquisitions of existing power plants, major upgrades of power plants, and long-term power purchase agreements. The bill increases the certainty for utilities to recover the cost of projects approved by the MPSC and provides for the utilities to recover interest expense during construction.
- M&A approval. The bill grants the MPSC the authority to review and approve proposed utility mergers and acquisitions in Michigan and sets out evaluation criteria.

### **SB 213 – Renewable Portfolio Standard (RPS) and Energy Optimization (EO)**

Senate Bill 213 establishes a renewable energy and energy optimization (energy efficiency, energy conservation or load management) program in Michigan and provides for a separate funding surcharge to pay the cost of those programs.

#### Renewable Energy Standard

- The bill requires electric providers to source 10% of electricity sold to retail customers from renewable energy resources by 2015.
- Qualifying renewable energy sources would include wind, biomass, solar, hydro, and geothermal, among others.
- Interim targets for renewable resources are as follows:

- 2012 – Close 20% of compliance gap
- 2013 – Close 33% of compliance gap
- 2014 – Close 50% of compliance gap
- 2015 – Close 100% of compliance gap
- Detroit Edison will be required to have 300MW of new renewable capacity by 2013 and 600MW by 2015.
- The MPSC will establish a per meter surcharge to fund the renewable energy requirements. The bill establishes a surcharge/cost cap that is limited to \$3 per month for residential customers, \$16.58 per month for commercial secondary customers and \$187.50 for commercial primary and industrial customers. The recovery mechanism starts prior to actual construction in order to smooth the rate impact for customers.
- Within 60 days after the passage of the new law, the MPSC is to issue a temporary order implementing this act. Within 90 days following the issuance of a temporary order, the utilities will file an RPS plan with the MPSC. The bill allows for the lowering of compliance if RPS costs exceed the surcharge/cost cap or if other specified factors adversely affect the availability of renewable energy.
- The bill specifies that a utility can build or have others build and later sell to the utility up to 50 percent of the generation required to meet the RPS. The other 50 percent would be contracted through long-term power purchase agreements (PPA).
- The bill also provides for a net metering program to be established by Commission order for on-site customer-owned renewable generation up to 1% of an electric utility's load.

#### Energy Optimization Standard

- Requires utilities to create electric and natural gas energy optimization plans for each customer class and includes funding surcharges as well as the potential for incentives for exceeding performance goals.
- For electric sales, the program targets 0.3 percent annual savings in 2009, ramping up to 1 percent annual savings by 2012. Savings percentages are based on prior year retail sales.
- For natural gas sales, the targeted annual savings start at 0.1 percent in 2009 and ramp up to 0.75 percent by 2012.
- The MPSC will allow utilities to capitalize certain costs of their EO program. The costs which can be capitalized include equipment, materials and installation costs. Cost limitations will apply.
- Incentives are potentially available for exceeding annual program targets. The financial incentive could be the lesser of 25% of the net cost reductions to our customers or 15% of total program spend, subject to MPSC approval.
- The bill would also allow a natural gas utility that spends at least 0.5 percent of its revenues on energy efficiency programs to decouple revenues from volumetric sales, adjusting for sales volumes above or below forecasted levels.
- By March 2016, the MPSC may suspend the program if it determines the program is no longer cost-effective.
- In addition, the legislature passed HB1048, providing an income tax credit for the purchase of energy efficient appliances and a credit to offset a portion of the renewables charge established in SB213.

For further information, please contact DTE Energy's investor relations group at (313) 235-8030.

## APPENDIX C



**Recovered Energy Resources, Inc**

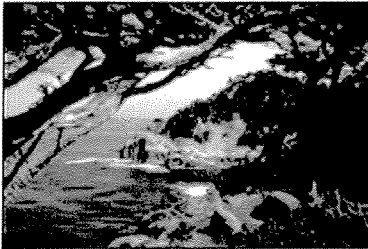
The new economic model for electrical cogeneration

that utilizes recovered and renewable resources

HOME / TECHNOLOGY / CASES / INVESTORS / ABOUT US / FAQS

NEWS / CONTACT

## Answering Today's Energy Problems Through Technology and Nature

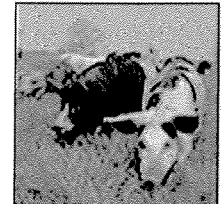


Recovered Energy Resources is the leading developer of small-scale power plants that utilize renewable and recovered energy fuels. The company sells electricity and thermal energy directly to customers adjacent to its plants.

We produce electricity and thermal energy in our state-of-the-art modular power plants. The Recovered Energy Resources power plant is built on or adjacent to a customer's site and provides all or a portion of the energies needed to run their facility and processes. The advantages are stability in price, dependability in delivery and sustainability of the environment.

What makes this good business sense? From the customer standpoint there is no investment in capital equipment, no operational responsibility, no fuel purchasing. The wastes from the customer's facility or related processes are used as fuel and eliminated as an environmental liability.

The electricity and energy are delivered under power purchase agreements and Recovered Energy Resources assumes responsibility for engineering, design, construction, permitting, operator and maintenance of the plant. In addition Recovered Energy Resources manages the procurement and transportation of both fuel and ash.



© 2003-2008 Recovered Energy Resources, Inc. All rights reserved.

C-2

**Recovered Energy Resources, Inc**

The new economic model for electrical  
cogeneration  
that utilizes recovered and renewable resources

[HOME](#) [TECHNOLOGY](#) [PRESS](#) [INVESTORS](#) [ABOUT US](#) [FAQ](#)

## Answering Today's Energy Problems Through Technology and Nature

### Frequently Asked Questions

1. What does RER do?
2. What are the advantages of an RER solution?
3. Aren't electricity prices coming down?
4. Are RER rate competitive with utility rates?
5. How can RER deliver electricity at competitive rates?
6. Is the cost for fuel included in the electricity?
7. What is my upfront investment in an RER solution?
8. How does RER differ from an energy services provider (ESP)?
9. What is the difference between RER and an energy services company (ESCO)?
10. How quickly can I realize savings for an RER solution?
11. Will I have to train my personnel to operate and maintain an RER solution?
12. What happens if the RER system needs service, will I be without power?
13. How can I find out if my facility qualifies for an RER solution?
14. How does an RER solution benefit my company?
15. How does and RER solution benefit the environment?

#### 1. What does RER do?

RER sells electricity and thermal energy direct to industrial and large commercial customers through long-term power purchase agreements. The electricity and thermal energy is produced in small-scale combined heat and power generation plants. These plants are installed at or adjacent to the customer facilities or fuels generation point and supply all or a portion of the total electrical and

C-3

thermal needs of the customer.

## **2. What are the advantages of an RER solution?**

RER brings stability to energy costs and delivery. RER also allows a customer to address waste disposal and environmental liability issues by transforming wastes to energy.

## **3. Aren't electricity prices coming down?**

Despite some instances of spot price cuts or regional and seasonal price drops the average price for electricity has steadily climbed from <2¢/kWh in 1960 to >7¢/kWh in 2001. The price per kilowatt-hour will continue to rise as the costs for fuel and operating expenses rise. The price of natural gas has risen 13% in the past 3 years as it has become the fuel of choice for new power plant construction. Previously considered the cheap alternative to coal or oil, it now produces power at near the same rates as other fuels.

## **4. Are RER rate competitive with utility rates?**

Yes, RER can typically deliver electricity and thermal energy for less than the local utility. The first step in determining this is to contact RER for an analysis of your energy situation.

## **5. How can RER deliver electricity at competitive rates?**

RER utilizes fuels other power producers can not, and it avoids the costs of utilizing utility lines along with the associated transmission losses, it also delivers thermal energy to clients, generating a second revenue stream and offsetting plant generation costs

## **6. Is the cost for fuel included in the electricity?**

While all fuels have some processing or preparation costs, RER utilizes fuels with very low costs. These costs are included in the operations and maintenance figures used in the viability models. So yes, it is in the rate and allows RER to provide a stable power rate for its power purchase agreements

## **7. What is my upfront investment in an RER solution?**

There is no investment required in the RER plant. Modifications to a customer's heating systems to accept thermal energy from the plant, or changes to electrical systems downstream of the substation are the physical responsibilities. Operationally if the customer is directly providing the waste for fuel, it will be their responsibility for maintaining the necessary volumes. Otherwise it is simply promptly paying invoices for delivered electricity and energy.

## **8. How does RER differ from an energy services**



C-4

**provider (ESP)?**

An ESP buys or produces power at the wholesale level and sells as the retail level and use the electrical grid to deliver that energy and are subject to their outages and disruptions. ESP's often don't provide thermal energy. RER delivers electrical energy directly from its own power plants adjacent to the customer, this avoiding the grid, and thermal energy is sent directly into the customer's system. Similarities between RER and an ESP are delivering competitive rates and a monthly invoice.

**9. What is the difference between RER and an energy services company (ESCO)?**

ESCOs typically just recommend methods and techniques for companies to obtain the power and energy necessary to run their facilities. This may include having the customer purchase, install and operate and maintain their own equipment. With RER the customer without the cost of ownership or operating risk realizes all the benefits of on-site distributed generation.

**10. How quickly can I realize savings for an RER solution?**

The immediate savings from an RER plant are seen in the first monthly invoice. Additional savings from the elimination of waste disposal costs are often immediately realized.

**11. Will I have to train my personnel to operate and maintain an RER solution?**

No, as RER owns the plant, it will staff it and perform all the maintenance. For customers purchasing the plants thermal energy there may be some training required, related to the energy coming from a new source and the customer's equipment placed into a backup role. In some instances RER may offer to hire the customer's employees responsible for utility systems.

**12. What happens if the RER system needs service, will I be without power?**

RER power plants are designed to be highly reliable low maintenance plants. The plant is connected to parallel with the grid. If there is an unexpected outage the utility will pick up the difference, and the utility becomes the backup. There are two additional factors to consider. If the plants is comprised of multiple moduTRAINS it is highly unlikely that more than one moduTRAIN would be out of service at the same time. And finally, because of the modular design should a part of the system need major service, the entire module can be quickly swapped out rather than repaired in place.

**13. How can I find out if my facility qualifies for an RER solution?**

C-5

Simple, the first step is to complete the inquiry form here on our website, you can find it as the Inquiry page, RER will contact you to discuss further your application.

**14. How does an RER solution benefit my company?**

When an RER plant is installed it provides a reliable local source of energy. It also provides stability in the cost of energy. This allows customers to budget energy costs and not worry about seasonal or unforeseen rates changes. It gives customers control over energy costs.

**15. How does and RER solution benefit the environment?**

There are numerous environmental benefits from an RER plant. When a biomass fuel is used there are fewer greenhouse gases produced. The gasification process produces lower emissions with all fuels. Different fuels have different environmental liabilities associated with them. Agricultural wastes such as chicken and poultry litter and animal manures can runoff fields into waterways if applied incorrectly. Wood wastes can release compounds from piles left to decompose. And coal fines and mining wastes can produce acids. Small-scale distributed generation plants like RER's because they are closer to the point of consumption eliminate transmissions losses. Lower transmission losses means less fuel is consumed to produce enough energy to meet the delivery needs.

