

State moves toward 2010 renewable-energy rule

Utilities propose to spend billions on new wind farms to comply

State regulators in the coming weeks will issue final decisions on the renewable energy plans submitted by Michigan's two largest electric utilities, with both DTE Energy and Consumers Energy proposing to spend billions on new wind farms.

The plans were required as part of the state's new energy law, which requires 10 percent renewable energy by 2015 and separate measures to increase energy efficiency.

Monica Martinez, a commissioner with the Michigan Public Service Commission, is scheduled to discuss how the new energy law will benefit Michigan's economy at an energy conference and exhibition in Novi May 5. The annual conference, sponsored by DTE and the Engineering Society of Detroit, typically draws some 800 attendees and will focus heavily on how businesses can take advantage of energy optimization to save money.

Martinez recently spoke with *Business Review* reporter Sven Gustafson.

How have business- and commercial-class ratepayers reacted to the new law? They'll be paying more for renewable energy.

For the renewable-energy plans, certainly everyone will be paying for it. But throughout the legislative negotiations, the business companies were a part of those discussions, and they did agree to what they considered to be a fair allocation.

Certainly when we see things

happening on the federal level, especially in regards with carbon constraints or carbon tax or carbon cap and trade, diversifying our fuel mix is going to be a very good thing to do. That we're working on it already I think will be positive.

There has been some criticism of the legislation for giving too much of the electricity market to the utilities. How will the new law help nonutility alternative energy companies?

For DTE and Consumers Energy, (the new law) required that those companies not own more than 50 percent of that renewable energy. So it means it's going to make our renewable energy sources more competitive. They're having to bid out, they're having to get power-purchase agreements with wind farms that are being built by other entities.

Can you tell us about the incentives in the law for utilities using Michigan businesses to carry out some of these renewable assets?

There are varying incentives, and a lot of it depends on, one, how much of the turbines or how much of the renewable energy resources (are) actually produced here in Michigan. They're able to obtain incentive credits for that generation. There's also different types of incentive credits for whether or not the type of renewable source is going to be used on peak — that would be when our demand is most.

The combination of those types

of credits along with some other incentives, it could be very positive for some of those sources to be produced and (for) so-to-speak homegrown renewable resources to get the most benefit.

How can businesses take advantage of the energy-efficiency programs the utilities are proposing?

We have multiple cases ongoing at the commission right now that cover the energy optimization and, of course, the renewable-energy plans. I know the utilities will be unrolling plans, it might be themselves or individuals that they're contracting with, different types of programs.

When that gets under way, hitting out around the summertime, (businesses) should be on notice and sign up, and the companies will handle that differently.

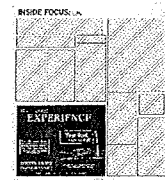
For example, some of the things might be relooking at your HVAC systems or other systems within a company. It might be lighting. It could have a variety of different impacts, which would help lower overall costs for a company. And in today's economic climate, that's going to make a big difference.

▶ **MARTINEZ, Page 17**
DTE Energy/Engineering Society of Detroit Energy Conference and Exhibition

When: May 5, 7:30 a.m.-3 p.m.

Where: Rock Financial Showplace, Novi

Information: esd.org



Do you anticipate that major changes will be needed to any of these renewable- or energy-efficiency plans, or are they likely to be approved as proposed?

It's hard for me to say that. Obviously I can't get into the specifics, but we are planning on, my whole month of May, we'll be reading all of the comments and all of the documents submitted by all the parties in the case.

And after we have time to digest that and go over the decision-making, anything can happen. We are going to read through thousands of pages.

What criteria will the PSC use to judge those plans? Is it strictly ensuring compliance with how the law is written?

Certainly we'll be looking at compliance with how the law is written. Generally, in any case, if any parties raise issues, we look at those issues and compare it to law and compare it to the weight that we give to those comments. So we'll be looking at a variety of things.

The law in particular talks about a utility system resource-cost test that is done in terms of energy efficiency. So we want to make sure the programs are being done in the way that they say they (are) to meet the saving requirements, and that they are being proposed to be handled in the most efficient way.



**Monica Martinez of the Michigan Public
Service Commission**