

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of, on the Commission's own motion,)
regarding administration and operation of the)
Low-Income and Energy Efficiency Fund.)
_____)

Case No. U-13129

At the June 30, 2005 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

Section 10d(6) of the Customer Choice and Electricity Reliability Act, 2000 PA 141, MCL 460.10d(6), requires a portion of the cost savings resulting from electric utility securitization financing to be used as a source for funding for the Low-Income and Energy Efficiency Fund (LIEEF). Revenues generated under The Detroit Edison Company's interim rate relief order issued on February 20, 2004 and the Commission's final order issued on November 23, 2004 in Case No. U-13808, have also been devoted to this fund. In prior orders in the docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

Previously, the Commission has awarded grants (1) to seven organizations totaling \$27.4 million on February 21, 2002; (2) to nine organizations totaling \$12.2 million on July 23, 2002; (3) to seven organizations totaling more than \$5 million on August 20 and September 16, 2002;

(4) to four organizations totaling more than \$5 million on August 20 and September 16, 2002; (5) to four organizations totaling up to \$20 million on December 20, 2002; (6) to four organizations totaling up to \$20 million on February 27, 2003; (7) to eight organizations totaling nearly \$6.8 million on October 14, 2003; (8) to four organizations totaling \$13 million on October 29, 2003; (9) to eight organizations totaling \$20 million on October 14, 2004; (10) to eight organizations totaling \$8 million on October 22, 2004; (11) to six organizations totaling \$15 million on January 25, 2005; and (12) to eight organizations totaling \$5 million on February 24, 2005.

On October 14, 2004, the Commission issued a Request for Pre-Proposals concerning energy efficiency programs designed to benefit all customer classes. By the November 19, 2004 deadline, 142 pre-proposals were received requesting in excess of \$126 million. On February 17, 2005, the Commission invited organizations to submit final proposals. By the March 11, 2005 deadline, proposals were received from 24 separate entities seeking a total of more than \$25.5 million, including proposals from: Automation Alley Technology Center, Bay Community College (Michigan Technical Education Center), Commonwealth Associates, Inc., Delphi Automotive Systems USA, LLC, DTE Energy Technologies, Inc., Elkton-Pigeon-Bay Port Laker School District, EnSave Energy Performance, Inc., Ford Motor Company, Grand Haven Plastics, Inc., Grand Valley State University, Homeland Builders of Michigan LLC, Metro Neighborhood Housing and Community Development, Michigan Department of Environmental Quality/NextEnergy, The Michigan Land Use Institute, Michigan Technological University, Michigan State University, NextEnergy Center, Northwestern Michigan College (Michigan Technical Education Center), Ovonic Fuel Cell Company LLC, Sordal Incorporated, Traverse City Light & Power, U.P. Steel, Visteon Corporation, and West Michigan BioDiesel LLC.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission focused on projects showing the most promise to, among other things: (1) develop or improve energy efficient technologies, including those advancing the use of alternate fuels, (2) improve the efficiency of energy consumption, (3) increase the development of emerging technologies, (4) improve the efficiency of energy production and distribution, (5) increase the availability, distribution, and market share of various energy efficient technologies, and (6) demonstrate the application of those technologies.

Based on its review of the applications, the Commission is awarding the following grants:

- Automation Alley Technology Center - \$550,000 to install two building-integrated solar power electric systems, an integrated energy management system, and a battery back-up system in Michigan.
- Elkton-Pigeon-Bay Port Laker School District - \$265,000 for the installation and grid tying of two wind turbines and a solar panel on the property of the Laker School District located in the upper thumb area of Michigan.
- Grand Valley State University - \$1 million to build a pilot plant that converts animal biomass into methane gas, used to generate electricity.
- Michigan Department of Environmental Quality/Next Energy - \$185,000 for the development of an analysis to identify appropriate sources and quantities of energy efficiency and renewable energy feedstocks/technologies available, and to optimize net economic benefits to Michigan's economy.
- Michigan State University/Biosystems & Agricultural Engineering - \$2 million to construct an anaerobic digester, including an anaerobic membrane bioreactor, an evaporator, reverse osmosis equipment, an expanded facility for struvite production, a constructed wetland, and provisions for visitors.
- NextEnergy Center - \$150,000 towards the development of an interactive fleet user's website in Michigan that will assist in determining and evaluating fuel economy improvements, emission reductions for various types of powertrain technologies, and alternative fuel vehicles.
- Northwestern Michigan College (Michigan Technical Education Center) - \$450,000 for the "Northern Michigan Energy Demonstration Center-Renewable Energy Training Laboratory" which will focus on the training of students for residential energy efficiency and renewable energy systems.

- Ovonic Fuel Cell Company LLC - \$400,000 for the development of a prototype “Ovonic Regenerative Fuel Cell,” to be used by customers that require reliable backup power through an uninterruptible power supply system.
- Traverse City Light & Power - \$400,000 to demonstrate how an integrated renewable energy district heating and wind power plan can be developed, implemented, and administered on a community scale in a cost effective manner, providing economic and environmental benefits.
- U.P. Steel – \$530,000 to assist in development of a pilot mill using a new microwave/electric arc furnace steelmaking technology.
- West Michigan BioDiesel LLC - \$70,000 for the purchase of items to assist with safe and efficient production using recycled vegetable oil for feedstock at its plant.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct project costs to indirect costs and overhead will remain the same as in their original requests. The Commission directs the Staff to complete the necessary grant agreement documents with the grantees.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; 1982 PA 304, as amended, MCL 460.6h *et seq.*; and the Commission’s Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*
- b. Grants from the LIEEF should be distributed as described above.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$6 million are approved:

- Automation Alley Technology Center - \$550,000 to install two building-integrated solar power electric systems, an integrated energy management system, and a battery back-up system in Michigan.
- Elkton-Pigeon-Bay Port Laker School District - \$265,000 for the installation and grid tying of two wind turbines and a solar panel on the property of the Laker School District located in the upper thumb area of Michigan.
- Grand Valley State University - \$1 million to build a pilot plant that converts animal biomass into methane gas, used to generate electricity.
- Michigan Department of Environmental Quality/Next Energy - \$185,000 for the development of an analysis to identify appropriate sources and quantities of energy efficiency and renewable energy feedstocks/technologies available, and to optimize net economic benefits to Michigan's economy.
- Michigan State University/Biosystems & Agricultural Engineering - \$2 million to construct an anaerobic digester, including an anaerobic membrane bioreactor, an evaporator, reverse osmosis equipment, an expanded facility for struvite production, a constructed wetland, and provisions for visitors.
- NextEnergy Center - \$150,000 towards the development of an interactive fleet user's website in Michigan that will assist in determining and evaluating fuel economy improvements, emission reductions for various types of powertrain technologies, and alternative fuel vehicles.
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- Traverse City Light & Power - \$400,000 to demonstrate how an integrated renewable energy district heating and wind power plan can be developed, implemented, and administered on a community scale in a cost effective manner, providing economic and environmental benefits.

- U.P. Steel – \$530,000 to assist in development of a pilot mill using a new microwave/electric arc furnace steelmaking technology.
- West Michigan BioDiesel LLC - \$70,000 for the purchase of items to assist with safe and efficient production using recycled vegetable oil for feedstock at its plant.

The Commission Staff shall complete the necessary grant agreement documents with the grantees.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chairman

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of June 30, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary