



Consumers, DTE make progress on renewable energy target

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Solar, wind, landfill gas and power derived from Michigan's flowing rivers all are contributing to the electricity needs of the state's residents.

It's still not enough, though, according to legislation passed in 2008 by the Michigan Legislature that requires the state's utilities to generate 10% of their electricity from renewable sources by 2015.

Michigan's two largest utilities are approaching the 10% mark -- Consumers Energy is at 5% and DTE Energy is at about 6% -- but Consumers has two wind farm projects in the works that will get it much closer to the goal by the end of 2012.

"Consumers will make its goal easily, but Edison is going to have to work at it," said Paul Proudfoot, director of the electric reliability division at the Michigan Public Service Commission. "No one is fooling around or taking the statute lightly. They're putting forth a very robust effort to meet the statute."

Consumers, which expects to reach 8% by the end of 2012 when a 56-turbine wind farm in Mason County in west Michigan becomes operational, got a head start over other utilities because it has been operating hydroelectric plants since 1906 along five rivers. The 13 plants generate 130 megawatts of power, enough electricity for about 70,000 people.

"But now, it's all about wind," said Consumers spokesman Dan Bishop.

Wind plants provide the best option for large amounts of electricity generation for utilities.

In addition to the Mason County wind farm, Consumers also buys the energy from two windmills in Mackinaw City, and the utility has plans to build another wind farm in Tuscola County that will get the utility to the 10% goal by 2015.

The company has a few other, more exotic sources of electricity, including plans to purchase energy from a biomass facility that converts animal waste into electricity; a waste wood burning plant, and another plant in Fremont that turns food waste into energy.

And the cost has gone down for customers. Consumers initially projected it would cost the utility \$78 million a year to reach the 10% renewable goal. So in 2009, customers had a \$2.50 monthly surcharge added to their bills to pay for those investments.

The actual cost was \$24 million a year, primarily because the hydroelectric plants needed little additional cost to remain functioning, and the surcharge was reduced earlier this year to 65 cents a month.

Officials at DTE Energy, which provides electricity to 2.1 million households primarily in southeast Michigan, said it is going to be a tight challenge to reach the 10% goal by 2015.

"It's going to take a number of years to get to the goal," said Irene Dimitry, executive director of energy efficiency and renewables for DTE. "But we're excited about our progress."

The company has a wind farm in Gratiot County that will be operating late this year and has plans for a total of 467 megawatts of wind-generated electricity at six spots across the state.

It also has contracts to purchase electricity generated from biomass facilities and landfills. In addition, the utility is looking for nontraditional open expanses for large solar installations.

In exchange for letting DTE install solar panels on the roofs of plants, schools, township offices or the top floors of parking garages, Ford, General Motors, Blue Cross Blue Shield, Monroe Community College, Mercy High School in Farmington Hills and Scio Township are getting annual credits on their electricity bills.

Even in the dreary days of winter, "we're getting slightly better capacity than we had hoped," Dimitry said.

DTE has a number of projects under development that haven't been announced yet that will allow the utility to reach its 10% requirement by 2015, Dimitry said. The Public Service Commission approved DTE's request to spend up to \$1 million on research and development on an offshore wind project. Customers pay a \$3 monthly surcharge to help pay for the investments in renewable energy.

But don't expect the utilities to go much beyond 10%, both DTE and Consumers officials said.

Even though Michigan is one of 27 states that has a renewable portfolio standard requirement, it's at the low end of the spectrum -- California requires 33% of electricity generated by renewables by 2030. Most other states have requirements in the 15%-20% range. Only Pennsylvania has a lower requirement than Michigan at 8%, while five states have voluntary renewable goals ranging from 10%-12%.

"Our goal right now is 10%, and we'll move toward that," Dimitry said.

Consumers, which canceled plans last month for large coal-fired plant near Bay City, also isn't looking past the 10% requirement.

"Our goal is meeting the existing requirement," Bishop said.

About five utilities in Michigan have applied to the Public Service Commission for waivers from the 10% requirement, Proudfoot said, primarily because it will be too expensive to reach the goal and the costs would have to be passed on to customers.

But the commission won't make a final ruling on those waiver requests until closer to the 2015 deadline.

"We're hoping the cost of renewables will drop and they'll be able to meet the requirement," he said. "I think some of the utilities overestimated the cost of compliance."

How utilities fare with requirement

State law requires utilities to provide 10% of their electricity generation through renewable sources, such as wind, solar or hydroelectric power.

Consumers Energy

Headquarters: Jackson

Number of electric customers: 6 million across Michigan's Lower Peninsula

Progress toward goal: 5%

Renewable energy sources: 13 hydroelectric plants; two wind farms and buying energy from scattered windmills; biomass energy created by food, wood and animal waste.

DTE Energy

Headquarters: Detroit

Number of electric customers: 2.1 million households

Progress toward goal: 6%

Renewable energy sources: Large-scale solar installations at businesses, schools and government buildings; six wind farms across the state; biomass from landfills and wood waste.