

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
regarding administration and operation of the)	Case No. U-13129
Low-Income and Energy Efficiency Fund.)	
_____)	

At the August 26, 2008 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

OPINION AND ORDER

The Customer Choice and Electricity Reliability Act, 2000 PA 141, authorized the creation of the Low-Income and Energy Efficiency Fund (LIEEF), administered by the Commission via grants to qualifying organizations. The purpose of the fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes. The fund's original source of funding was the utilities' securitization savings that exceeded the amount needed to achieve a 5% electric rate reduction for residential and business customers. MCL 460.10d(7) provides for the use of a portion of the savings.

The Detroit Edison Company's (Detroit Edison) interim rate relief order issued on February 20, 2004 in Case No. U-13808 rolled the LIEEF funding requirement into base rates for Detroit Edison's electric customers and continued funding the LIEEF as part of the utility's cost of service. Consumers Energy Company's orders issued on December 22, 2005 in Case No. U-14347 and November 21, 2006 in Case No. U-14547 have also made provisions for funding

the LIEEF. In prior orders in this docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

The Commission has issued orders approving 23 rounds of grants in the amount of \$437,401,701, and has administered funds specially allocated by the Legislature in the amount of \$25,000,000 from the LIEEF for a total of \$462,401,701.

On April 10, 2008, the Commission invited organizations to submit proposals to develop or improve the quality or application of energy efficient technologies; promote and increase the use of ENERGY STAR compact fluorescent lamps; and develop green community programs. By the May 1, 2008 deadline, the following organizations submitted proposals within the three focus areas seeking a total \$101,404,617:

- Energy Efficient Technology Programs – A123Systems, Inc.; Accio Energy, Inc.; Analytical Design Service Corp.; Bauer Power, Inc.; Blue Green Energy, LLC; Blue Harbor Energy, LLC; Chippewa Nature Center; City of St. Joseph; Clean Energy Coalition; CMU - Office of Research and Sponsored Programs; Consumers Energy; Corktown Housing, LLC ; CTC Holdings, LLC; DTE Energy Company; Elkton-Pigeon-Bay Port Laker Schools; Energy Conversion Devices, Inc.; Expanding Energies; FlexSys Wind Energy, LLC; Gateway Energy Services; Grand Valley State University Facilities Services; Green Sun Rising, Inc.; Greenius Corporation; Greenlark EcoNetwork, Inc.; Heat Transfer International, Inc.; Heron Wind Manufacturing, LLC; ilumisys; Ishpeming Area Wastewater Treatment Facility; L-3 Communications; Lenawee County; Local 547 Stationary Engineers Education Fund; Macomb County Government; Michigan Association of Non-Public Schools; Michigan Department of Corrections; Michigan Interfaith Power and Light; Michigan Renewable Energy Corp.; Michigan Technological

University; MSU - Biosystems & Agricultural Engineering; Neal Energy Management, L.L.C./Phase Change Technology; NOVI Energy LLC; Oakland University; Power Panel, Inc.; Ricardo, Inc.; Shepherd Advisors; TPA, Inc.; Two Brothers Engineering; U.P. Steel; Village of Port Austin; Wayne State University; Western Michigan University; Wolverine Power Supply Cooperative, Inc.; and Working Bugs, LLC.

- CFL Programs – EarthTronics; ilumisys, Inc.; LexaLight International; Macomb County Health Department; Michigan Community Action Agency Association; Nova Development Group of Detroit, LLC; Traverse City Light & Power; Urban Options, Inc.; Wyandotte Municipal Services; and The Climate Change Coalition of the Battle Creek Community Foundation.
- Green Community Programs – Antrim Conservation District; City of Southgate Veterans Memorial Library; Clean Energy Coalition; Detroit Science Center; Eaton Rapids High School; Energy Center of Wisconsin; Great Lakes Renewable Energy Association; Greater Lansing Go Green! Initiative; Kuyper Investment Associates LLC; Macomb Community College; Michigan GREEN; Power Panel, Inc.; Recycle Ann Arbor; WARM Training Center; Ypsilanti Food Cooperative; and Voices for Earth Justice.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission used the selection criteria outlined in the Request for Proposals.

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

Energy Efficient Technology Programs:

- A123Systems, Inc. – \$990,004 to further develop high energy density batteries in Michigan for use in hybrid electric vehicles and for energy storage in wind turbines.

- Accio Energy, Inc. – \$401,500 to develop a small scale wind system that is energized by separating charged particles from the air to produce electricity without the use of moving parts (turbines).
- Heat Transfer International, Inc. – \$2,292,100 to create and operate a biomass gasification center to facilitate the construction of new biomass/waste (i.e., animal manure, forestry product residues and construction waste) to energy sites.
- Michigan Technological University – \$1,455,565 for development of variable compression engines to be utilized in hybrid vehicles for reducing emissions while boosting performance, and for low emission research for flex fuel vehicles.
- MSU – Biosystems & Agricultural Engineering – \$1,538,306 for the development and promotion of small scale (< 500 head cattle farm) manure management, combined heat and power, and algae culture using anaerobic bio-digestion.
- NOVI Energy LLC – \$2,320,000 to secure loans for funding a large scale biodigester to be fueled with Gerber Food Company's waste products, as opposed to manure, demonstrating greater efficiency and flexibility of the technology. The energy produced will be utilized in the factory.
- U.P. Steel – \$1,542,193 to further develop and demonstrate a 50% less energy intense, much more environmentally friendly, and cost effective means of producing steel utilizing microwaves to melt iron ore.

CFL Programs:

- Macomb County Health Department – \$314,063 to distribute CFLs and education pamphlets to Macomb County residents, and educate residents on the return and recycle of used CFLs.
- The Climate Change Coalition of Battle Creek Community Foundation - \$45,585 to implement a “Switch Your Bulbs” campaign by providing volunteers with literature and CFLs for distribution throughout the community.
- Traverse City Light & Power – \$49,875 to implement a CFL coupon redemption program for its customers.
- Urban Options, Inc. – \$1,000,000 to expand its current CFL awareness campaign called *Change a Light, Change Michigan*, that offers consumers CFLs for as little as \$.99 through local retailers.

- Wyandotte Municipal Services – \$356,500 to distribute 100,000 CFLS to Wyandotte households through an aggressive education/outreach effort and light bulb exchange program. And to sponsor a pilot program that will encourage the purchase of energy efficient lighting upgrades by Wyandotte’s commercial business owners.

Green Community Programs:

- City of Southgate Veterans Memorial Library – \$50,000 to construct and operate a solar photovoltaic system to power the Southgate Veterans Memorial Library to promote the use of renewable energy in southeastern Michigan.
- Detroit Science Center - \$50,000 to fund the energy efficiency programming component of its Renewable Energy & Energy Efficiency Demonstration Project which will include a model energy efficient demonstration townhouse built inside the science center; a working wind turbine on the science center grounds; and a 10kW solar photovoltaic array on the science center roof.
- Voices for Earth Justice – \$49,446 to create and administer an Interfaith Youth Energy Squad that will train, mentor, and supervise high school students to conduct household energy audits and install simple energy conservation devices such as compact fluorescent light bulbs, low-flow showerheads, and programmable thermostats.
- Ypsilanti Food Cooperative – \$44,620 to establish a 100% solar power bakery at its natural food grocery store through the installation of 30 solar photovoltaic panels.

For those grantees receiving less than the amount requested in their proposals, the proportion of funds for direct program costs to indirect costs and overhead will remain the same as in their original requests. The Commission directs the Commission Staff to complete the necessary grant agreement documents with the grantees. As always, the grants are contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. The following grants from the Low-Income and Energy Efficiency Fund for a total of \$12,499,757 are approved for the fiscal year beginning October 1, 2008 and ending September 30, 2009:

Energy Efficient Technology Programs:

- A123Systems, Inc. – \$990,004 to further develop high energy density batteries in Michigan for use in hybrid electric vehicles and for energy storage in wind turbines.
- Accio Energy, Inc. – \$401,500 to develop a small scale wind system that is energized by separating charged particles from the air to produce electricity without the use of moving parts (turbines).
- Heat Transfer International, Inc. – \$2,292,100 to create and operate a biomass gasification center to facilitate the construction of new biomass/waste (i.e., animal manure, forestry product residues and construction waste) to energy sites.
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- NOVI Energy LLC – \$2,320,000 to secure loans for funding a large scale biodigester to be fueled with Gerber Food Company's waste products, as opposed to manure, demonstrating greater efficiency and flexibility of the technology. The energy produced will be utilized in the factory.
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CFL Programs:¹

- Macomb County Health Department – \$314,063 to distribute CFLs and education pamphlets to Macomb County residents, and educate residents on the return and recycle of used CFLs.
- The Climate Change Coalition of Battle Creek Community Foundation - \$45,585 to implement a “Switch Your Bulbs” campaign by providing volunteers with literature and CFLs for distribution throughout the community.

¹It should be the goal of the selected grantees, to the extent possible, to obtain CFLs from sources located in or near Michigan so as to reduce carbon emissions and shipping costs associated with long distance transportation services.

- Traverse City Light & Power – \$49,875 to implement a CFL coupon redemption program for its customers.
- Urban Options, Inc. – \$1,000,000 to expand its current CFL awareness campaign called *Change a Light, Change Michigan*, that offers consumers CFLs for as little as \$.99 through local retailers.
- Wyandotte Municipal Services – \$356,500 to distribute 100,000 CFLS to Wyandotte households through an aggressive education/outreach effort and light bulb exchange program. And to sponsor a pilot program that will encourage the purchase of energy efficient lighting upgrades by Wyandotte’s commercial business owners.

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- Ypsilanti Food Cooperative – \$44,620 to establish a 100% solar power bakery at its natural food grocery store through the installation of 30 solar photovoltaic panels.

B. 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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of August 26, 2008.

Mary Jo Kunkle, Executive Secretary