Michigan State Biomass Policies and Instruments

- Alternative Energy Personal Property Tax Exemption (Tax policy)
- Refundable Payroll Credit (Tax Policy)
- Low-Income and Energy Efficiency Fund (Disbursement)
- Biomass Curriculum (R&D)
- Renewable Energy Standard (Regulatory)
- Biomass Energy Program Grants (Disbursement)
- Michigan Net Metering (Market Activity)

2000-2013

Tax Policy:

**Alternative Energy Personal Property Tax Exemption** – The Michigan Next Energy Authority Act of 2002 created a property tax exemption designed to promote the development, commercialization, and manufacturing of a broad range of alternative energy technologies. Property exempt from personal property tax includes: (1) alternative energy systems less than 2 megawatts, or integrated combinations of alternative energy systems of no more than 10 megawatts (2) alternative energy vehicles (3) the personal property of an alternative energy technology business (4) the personal property of a business not engaged in alternative-energy technology that is used solely for the purpose of researching, developing or manufacturing alternative. This is an Act to create and provide for the operation of the Michigan next energy authority; to provide for the powers and duties of the authority; to promote alternative energy technology and economic growth; and to exempt property of an authority from tax.

**Refundable Payroll Credit** – Businesses certified by the Next Energy Authority that locate in the Next Energy Zone of Detroit to develop "alternative energy technologies," as defined by the Michigan Next Energy Authority Act, may claim a credit for the their qualified payroll amount. If the credit exceeds the tax liability of the business for the tax year, the portion of the credit exceeding the tax liability will be refunded. This Credit is a provision within the Michigan Next Energy Authority Act, section 207.821.

Rules and Regulations:

**Renewable Energy Standard** – An Act to require certain providers of electric service to establish renewable energy programs; to require certain providers of electric or natural gas service to establish energy optimization programs; to authorize the use of certain energy systems to meet the requirements of those programs; to provide for the approval of energy optimization service companies; to provide for certain charges on electric and natural gas bills; to promote energy conservation by state agencies and the public; to create a wind energy resource zone board and provide for its power and duties; to authorize the creation and implementation of wind energy resource zones; to provide for expedited transmission line siting certificates; to provide for a net metering program and the responsibilities of certain providers of electric service and customers with respect to net metering; to provide for fees; to prescribe the powers and duties of certain state agencies and officials; to require the promulgation of rules and the issuance of orders; and to provide for civil sanctions, remedies, and penalties.

Market Activity:

**Michigan Net Metering** – Under the current rules, systems that generate electricity using solar, wind, geothermal, biomass (including waste-to-energy and landfill gas) or hydropower are eligible. Any customer net excess generation (NEG) is carried over to the customer's next bill, at the utility's retail price of generation, for a 12-month period. Any NEG remaining at the end of a 12-month billing cycle is awarded to the utility, and the value of these credits will be used to offset program costs. Customer-generators retain ownership of all renewable-energy credits (RECs) associated with the generation of electricity.

Government Services:

**Biomass Curriculum** – This proposal seeks funding for the development of education curriculum materials on biomass-based technologies for use in middle schools and high schools. This project will address the multidisciplinary field of bioenergy and bio-product development. The biomass energy curriculum project will be conducted by Michigan Association of Conservation Districts (MACD). MACD will create a network of partners who are interested in promoting biomass energy to develop curriculum for middle school and high school students. The curriculum will cover the following: history of biomass energy; converting biomass into usable sources; carbon cycle and photosynthesis; Bio-based options and primary barriers of biomass technologies; harvesting, storage, and handling considerations for cellulosic biomass.
Disbursements:

**Low-Income and Energy Efficiency Fund** - The purpose of the LIEEF is to provide energy assistance for low-income customers, to provide conservation and efficiency measures to reduce energy use and energy bills of low-income customers, and to promote energy efficiency among all customer classes. The PSC decided that 75% of monies awarded will support grants for energy-efficiency projects and energy assistance for low-income residents, and the remaining 25% will support grants for energy-efficiency projects to benefit all customer classes. Renewable-energy projects - including wind turbines, photovoltaic (PV) systems, anaerobic digesters and other biomass projects have received funding from the LIEFF.

**Biomass Energy Program Grants** – The Michigan Biomass Energy Program (MBEP) is part of the Renewable Energy of 2008. These rules implement the energy optimization provisions of 2008. These rules apply to electric and gas service providers and other persons subject to the requirements for energy optimization under the act. The energy optimization plan shall include a general description of the methodology and analytical process used to select the measures and programs contained within the plan. Act provides funding for state bioenergy and biofuels projects on a regular basis. Funding categories typically include biofuels and bioenergy education, biofuels infrastructure, and biomass technology development and demonstrations. Grant award amounts may vary.

**Cost Share and Grants:**