

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 July 23, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**OPINION AND ORDER**

Section 10d(6) of the Customer Choice and Electricity Reliability Act, MCL 460.10d(6), requires a portion of the cost savings from the issuance of securitization bonds to be used as a source of funding for the Low-Income and Energy Efficiency Fund (Fund). Public Act 119 of 2001, the Department of Consumer and Industry Services appropriations bill for 2001-2002, provides the current fiscal year's appropriation for the Fund.

On October 2, 2001, the Commission issued an order and notice of hearing to receive public comments regarding a process for administering the Fund. On October 11, 2001, the Commission conducted a four-hour public hearing, at which 19 persons made presentations. The Commission also received 69 written comments from interested persons or organizations. On November 20, 2001, the Commission issued an order (the November 20 order) establishing a procedural framework to be used to administer the Fund and creating procedures to be used in considering

specific proposals. The November 20 order went on to state that, because the winter heating season was imminent, disbursement of energy assistance for low-income customers would be on an accelerated track and that the other two categories of Fund disbursements (i.e., conservation and energy efficiency measures targeted toward reducing the usage and bills of low-income customers, and the development of energy efficiency programs that benefit all customer classes) would be addressed at a later date. On February 21, 2002, the Commission issued an order awarding energy assistance grants of up to \$27.4 million to seven organizations.

On March 8, 2002, the Commission Staff (Staff) issued a Request for Pre-Proposals concerning energy efficiency programs designed to benefit all customer classes. By the March 25, 2002 due date, 110 pre-proposals were submitted by 69 different entities. On May 16, 2002, the Staff issued its Request for Final Proposals. Final proposals totaling over \$22 million in grant requests were submitted, on or before June 25, 2002, by 12 separate entities. Those submitting final proposals were the Michigan Economic Development Corporation (MEDC); Grand Valley State University (Grand Valley); Michigan Technical Education Center at Bay de Noc Community College (M-TEC); Ford Motor Company (Ford); Sordal Incorporated; DTE Energy Technologies, Inc. (DTE); EnSave Energy Performance, Inc. (EnSave); Intellicon; STM Power, Inc. (STM); Coffman Electrical Equipment Co.; ITC, Inc.; and New Haven Community Schools.

The Commission expresses its appreciation to the applicants for providing such 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, including fuel cells, (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:

- MEDC - \$4.2 million to assist in the design, construction, and installation of a microgrid system to power, through the use of distributed generation and other means, the NextEnergy Center and NextEnergy Zone.
- Grand Valley - \$3 million to establish the Energy Center of Excellence (the Center) as part of the Muskegon Lakeshore SmartZone. The Center will help develop, improve, and demonstrate various applications for energy efficiency technologies by providing, among other things, (1) applied energy research focusing on the integration of various technologies for commercial applications, (2) research regarding alternative, renewable fuels for use in fuel cells, (3) incubation space and services for start-up energy technology companies, and (4) educational programs and demonstration space regarding the expansion of energy efficiency technologies to various commercial, industrial, and residential uses.
- M-TEC - \$2 million to establish the “Northern Lights” revolving loan fund, which is designed to assist businesses, school districts, and local governmental agencies in undertaking energy efficiency improvements and in paying for those upgrades through the resultant energy savings.
- Ford - \$1.3 million for the development of a process, and testing of that process via construction of a full-size prototype, designed to capture and destroy volatile organic compounds (emitted as exhaust from industrial painting processes) by using those compounds as a source of fuel cell energy.
- Sordal - \$584,448 to design and build (pursuant to Sordal’s alternate budget) machines capable of producing a non-flammable, light weight insulation material in a shape and size necessary for widespread industrial, commercial, and residential use.
- DTE - \$395,000 to fund the installation and operation of a three to four unit combined heat and power (CHP) fuel cell system at a high profile location in Michigan, for the purpose of demonstrating the usefulness of CHP fuel cells.
- EnSave - \$385,805 to fund rebates of \$500 to \$1,000 on the purchase and installation, by Michigan dairy farmers, of variable speed drive systems, as well as to provide installation assistance and verification.
- Intellicon - \$275,000 to assist in the final development, program integration, testing, and commercial roll-out of specialized “grid-intelligence” software that allows utilities and other electric transmission companies to identify ways to increase the electric flow

capacity on their grids and, thus, reduce the probability, frequency, and scale of brownouts and blackouts.

- STM - \$53,200 to serve as the Fund's 50% match in covering the cost of installing, operating, maintaining, and Beta testing a 25 kilowatt CHP-based distributed generation unit to be located at the landfill in Belleville.

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, if such a ratio was provided. 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.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACS, R 460.17101 et seq.
- b. Grants from the Fund should be distributed as described above.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$12,193,453 are approved:

- Michigan Economic Development Corporation - \$4.2 million to assist in the design, construction, and installation of a microgrid system to power, through the use of distributed generation and other means, the NextEnergy Center and NextEnergy Zone.
- Grand Valley State University - \$3 million to establish the Energy Center of Excellence, which will help develop, improve, and demonstrate various applications for energy efficiency technologies by providing, among other things, (1) applied energy research focusing on the integration of various technologies for commercial applications, (2) research regarding alternative, renewable fuels for use in fuel cells, (3) incubation space and services for start-up energy technology companies, and (4) educational programs and demonstration space regarding the expansion of energy efficiency technologies to various commercial, industrial, and residential uses.

- Michigan Technical Education Center at Bay de Noc Community College - \$2 million to establish the “Northern Lights” revolving loan fund, which is designed to assist businesses, school districts, and local governmental agencies in undertaking energy efficiency improvements and in paying for those upgrades through the resultant energy savings.
- Ford Motor Company - \$1.3 million for the development of a process, and testing of that process via construction of a full-size prototype, designed to capture and destroy volatile organic compounds (emitted as exhaust from industrial painting processes) by using those compounds as a source of fuel cell energy.
- Sordal Incorporated - \$584,448 to design and build (pursuant to Sordal’s alternate budget) machines capable of producing a non-flammable, light weight insulation material in a shape and size necessary for widespread industrial, commercial, and residential use.
- DTE Energy Technologies, Inc. - \$395,000 to fund the installation and operation of a three to four unit combined heat and power fuel cell system at a high profile location in Michigan, for the purpose of demonstrating the usefulness of combined heat and power fuel cells.
- EnSave Energy Performance, Inc. - \$385,805 to fund rebates of \$500 to \$1,000 on the purchase and installation, by Michigan dairy farmers, of variable speed drive systems, as well as to provide installation assistance and verification.
- Intellicon - \$275,000 to assist in the final development, program integration, testing, and commercial roll-out of specialized “grid-intelligence” software that allows utilities and other electric transmission companies to identify ways to increase the electric flow capacity on their grids and, thus, reduce the probability, frequency, and scale of brownouts and blackouts.
- STM Power, Inc. - \$53,200 to serve as the Low-Income and Energy Efficiency Fund’s 50% match in covering the cost of installing, operating, maintaining, and Beta testing a 25 kilowatt combined heat and power-based distributed generation unit to be located at the landfill in Belleville.

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, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of July 23, 2002.

/s/ Dorothy Wideman  
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated July 23, 2002 approving the second set of grants from the Low-Income and Energy Efficiency Fund, as set forth in the order.”