



TRAXYS POWER GROUP
P.O. Box 695
29639 Willow Road
White Pine, MI 49971

10/16/2013

Comments on Readying Michigan to Make Good Energy Decisions: Renewable Energy Draft September 30, 2013.

Dear Chairman Quackenbush & Director Bakka;

First of all thank you and your staff for the transparency provided through statewide regional meetings. It provides the openness necessary for clear and informed policy.

The Traxys Power Group has been involved with and has been providing firm capacity and energy to Michigan utilities since 2004, renewable power to Michigan Utilities since 2009, and owns and operates a successful alternative electric supply company. In fact we were the first and only private enterprise to convert a coal plant to a biomass facility. We have completed this conversion and have been exceeding our energy requirements since in service. We have proven, through extensive stack testing, this is a clean, sustainable and renewable form of energy.

After performing this conversion and environmental testing we have been actively pursuing additional power purchase agreements in Michigan. Our optimism and confidence influenced our company to apply for and receive 2 air quality permits in the Upper Peninsula of Michigan for Biomass power plants. We also have done extensive work on two other locations statewide for Biomass plants. This was all in line with our November 18, 2009 letter to the honorable Jennifer M Granholm (attached) to create 133 MW of renewable biomass power and put 400 people to work with both long and short term employment. We are "shovel ready" with these projects and are asking for policy to allow these projects to develop.

Biomass energy and the nationwide and statewide energy needs are complex. There are many pieces to that puzzle as you have so eloquently shown in your draft. Our industry is a portion of the solution and we recommend the following:

1. Support the creation of an ICC to provide a more in-depth recommendation of the growing use of biomass for the use as an energy source.
2. Support the concept of a 10% new renewable baseload definition is implemented for any increases to the current Renewable Portfolio Standard to support reliable energy sources. With any increases to the current standard potentially subject to the scrutiny of being beyond the borders of Michigan, by creating a renewable baseload definition that fits newly converted biomass generation, landfill gas, geothermal, hydro, to any new dispatchable renewable generation it may attract biomass generation opportunities to Michigan vs. just allowing more wind to be imported from across State lines. Renewable baseload as a concept may also fill a portion of the Presque Isle Power Plant concern by putting not only renewable generation into

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the Upper Peninsula, but regionalized baseload to help with grid stability and jobs in depressed areas such as the L'Anse plant has done in Baraga county.

3. Utilize our Biomass Natural resources in State to create value added employment to support the government goal of expanding the forest products industry from \$14 Billion to \$20 Billion over the next 5 years. This is a sustainable goal that will require a basic shift in public policy and private investment. It has been proven through independent studies from MTU and MSU that the resource is available and as the Maine forester said "Michigan has trees that are dying to be harvested."
4. Utilize the Net Present Value of a MWh concept to provide an "all in benefit" for biomass plants and use this concept for any MIREC incentives to levelize the playing field between wind and biomass in any expansions to the RPS. The incentive MIRECS in PA 295 were an attempt at this, but based on the results of the construction the wind industry was clearly the benefactor of PA 295.
5. Even though technically achievable, reaching a 30% RPS with a majority of that on intermittent wind power will create greater and greater "NIMBY" movements, create greater grid reliability concerns for the 60%+ of the time the unit is not producing baseload and on a per MW basis, not create the 3.9 jobs per MW that biomass does. Balancing any expansion of the RPS with an appropriate amount of new renewable baseload will create new jobs, especially in Michigan's Upper Peninsula.

The investment in the forest products industry is critical in our shared quest to reinvent Michigan. We have a unique opportunity to improve both urban, through harvesting under-utilized forests, and rural, through sustainable forest practices, in Michigan. We don't want to import the next baseload power into this State and export our jobs. For every MW of non-dispatchable wind it is required to have a MW of dispatchable resource available in support of it. We feel sustainable renewable baseload is a key part to growing Michigan's economy and L'Anse Warden is a prime example of that. We are poised to add quality family sustaining jobs in Michigan and offer opportunity and reliably to our economy and our future job growth in Michigan.

Sincerely,



Zachary J. Halkola
Energy Sales & Financial Manager
Traxys Power Group

Cc: Valarie Brader
Steve Bakkal
Chairman Quackenbush
Steve Walsh
JR Richardson



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November 18, 2009

The Honorable Jennifer M. Granholm
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Granholm:

Traxys, the parent company of L'Anse Warden Electric Company, LLC, is a \$4.5 billion company with 250 worldwide employees of which 50 are in the Upper Peninsula (UP). Traxys is proud to be a front-runner in the "Greening of Michigan."

The company's vision is to supply 133 megawatts (MW) of green electrical power from brownfield plants and former dormant coal plants located in the UP, to the Midwestern Independent Transmission System Operator (MISO) grid. Traxys' experience in purchasing, up dating and retrofitting the L'Anse Warden plant is a testimony to the company's dedication to this vision.

This vision would supply up to 400 short and long term jobs to our decimated UP economy while supporting federal and state goals of green, renewable power. These jobs could replace the obvious gap created by idled paper and saw mills in the UP.

Traxys is proposing to plant at least 10,000 acres of currently-idled agricultural land in the UP with fast growing willow and aspen trees with three to five year crop rotation. This is very exciting from a carbon footprint perspective.

Our plans include:

- L'Anse Warden Electric Plant, which has been converted from coal/natural gas to biofuels and also supplies green steam to CertainTeed's L'Anse plant.
- A brownfield 30 MW plant at K.I. Sawyer to supply green processed steam to Potlatch Corporation and power to the MISO grid.
- Purchase and retrofit the City of Escanaba's 25 MW coal fired power plant to biofuels.
- Retrofit the current 40 MW coal fired power plant at White Pine to biofuels.
- Conversion of the currently-idled 17 MW power plant at Smurfit Stone Container in Ontonagon to biofuels.

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Traxys has proven its ability to convert old technology of coal fired power plants to high technology, low-emission, commercially-proven clean burning biofuels at the L'Anse Warden Electric Plant. See the enclosure for details.

As part of this effort, we also are exploring way to reuse ash material generated from these power plants. While we already reuse ash from the current White Pine plant for creating the foundation for valuable infrastructure improvements, we hope to reuse ash from the converted power plants for agricultural and silvicultural land application which is an effort that coincides with reforms to promote recycling of wastes as part of Michigan's Part 115 program. We, in fact, are following potential amendments to Part 115's inertness and reuse rules that would expand the reuse potential of our plant's residuals. We believe that even more can be done in this area.

Traxys would like to partner with the State of Michigan to continue bringing "Green" to Michigan as well as many needed jobs to the UP. Traxys is, and has always been, supportive of your "woods to wheels" agenda, and this renewable 133 MW of power would be a vital step toward fulfilling that goal. We would appreciate the opportunity to have you and your Green Energy team tour and review the goals of the L'Anse Warden facility. With the expedited environmental approvals for each of these shovel ready projects, we can collectively change the future of the UP.

With this, the headlines would go from, "More Idled Paper And Sawmills In The UP Of Michigan" to "Innovative Partnership With The State Of Michigan Puts 400 Industrial Workers Back To Work Providing Stable, Cost-Competitive, Renewable Based Power To Michigan".

Please feel free to contact Mike Reid or James Richardson at (906) 885-7100 to discuss this exciting, yet vital, opportunity.

Sincerely,



James R. Richardson
Technical Manager & Regulatory Affairs

- c. U. S. Senator Debbie Stabenow
- U. S. Senator Carl Levin
- U. S. Representative Bart Stupak
- Senator Mike Prusi
- Representative Mike Lahti
- Representative Steve Lindberg
- Ms. Ann Jousma-Miller, Governor's Office
- Mr. Stanley (Skip) Pruss, DELEG
- Cathi Cole

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Steve Chester, MDEQ Director

George Bruchmann, MDEQ WHMD Director

Rebecca Humphries, MDNR Director

Encl.