

Testimony of Gary Melow, Director, Michigan Biomass
House New Economy and Quality of Life Committee
SB 126
Dec. 16, 2009

Chairman Clemente, members of the committee, thank you for this opportunity to speak to you this morning. I am Gary Melow, director of Michigan Biomass. The six wood-fired power plants I represent provide the state with more than 30% of its renewable energy and make up about 1% of all power generated in the state.

Michigan Biomass opposes SB 126 will provide exclusive PA 198 tax exemption status to Mancelona Renewable Resources, a proposed 36 megawatt (MW) wood-fired power plant. This exemption represents yet another incentive for renewable power that the existing wood-fired plants don't have, jeopardizing these existing jobs and the low-cost renewable power they provide.

Simply put, there isn't enough waste wood in Michigan, and specifically in northwest Michigan, to fire another power plant. If the Mancelona project were operating today, with all its economic incentives as a "new" biomass power plant, it could divert fuel away from Cadillac Renewable Energy and McBain Power Station, putting at risk 40 jobs, 54 MW of cheap renewable power, and more than \$20 million in local economics.

The result is a net negative: 20 new jobs moved down the road at the cost of 40 jobs in neighboring communities, and higher renewable energy costs for electricity ratepayers.

I don't begrudge the people of Mancelona anything. I live in a community that has seen its tax base erode because of the loss of manufacturing, and I've personally experienced job loss due to the contraction of the automotive industry. I'm sympathetic to their situation. Shifting jobs from one Michigan community to another doesn't make sense.

Michigan's existing wood-fired power plants have been providing high paying jobs, tax base, and affordable renewable power for the state of Michigan for more than 20 years, but we've been barred from fully participating in the renewable energy market being shaped by PA 295 that provides significant incentives to new renewable energy projects. An exclusive tax incentive for a new biomass facility in a region where waste wood for fuel is already in short supply just doesn't add up.