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James A. Croce
Chief Executive Officer

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Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48911

Re: MPSC Case No. U-12915

On behalf of NextEnergy, I wish to commend the Michigan Public Service Staff and the industry participants who have developed the draft *Michigan Renewable Energy Program Annual Report*, authorized by Public Act 141 of 2000. This comprehensive report represents an excellent foundation to expand the development and deployment of renewable energy technologies in Michigan.

NextEnergy Center, an independent non-profit corporation founded in 2002, has been seeded by the Michigan Economic Development Corporation (MEDC) to advance the use of alternative energy technologies by supporting research, design, manufacturing, education, commercialization, and marketing. Within NextEnergy's strategic plan and MEDC grant agreement, alternative energy technology is defined as follows:

- Fuel cells and related components for vehicle, portable, and stationary power devices
- Advanced battery systems and hybrid vehicle systems
- Renewable energy systems, including, but not limited to photovoltaics, wind energy, and biomass systems
- Clean burning natural gas fired internal combustion engines, including combined heat and power systems
- Design, construction, and operational systems related to alternative energy technology (AET) micro-grids

NextEnergy wishes to formally express its support of the renewable energy development effort undertaken through the MREP collaboration. Given our MEDC-mandated charter, NextEnergy is positioned to contribute to resolving certain of the outstanding issues identified in the report. In particular, NextEnergy is already working closely with Michigan's educational institutions to prepare our workforce for emerging employment opportunities in the area of fuel cell systems and hydrogen infrastructure. However, given the long lead times and risks associated with the evolution to a "hydrogen economy", it is imperative that Michigan capitalize on nearer-term economic development opportunities attainable through the advancement of renewable energy systems, biomass-based fuels, and natural-gas fueled combined heat and power systems.

Job creation associated with the development and commercialization of alternative energy systems tend to migrate to geographies where there is market demand for such systems. Michigan currently is lagging many parts of the nation in market awareness and associated demand creation for alternative energy technologies. As such, the state has relatively few companies engaged in alternative energy technology businesses.

Although the advancement of renewable energy has the potential for direct and indirect economic development benefits to the state, the diverse views expressed by the many competing interests commenting on the MREP report, exemplify the inherent complexities associated with the development of supporting public policy initiatives. NextEnergy agrees with the views calling for significant additional economic and technical analysis prior to the development of any new sweeping policy initiatives. Although the current legislative framework does not support the level of ambition expressed by many of the MREP contributors, NextEnergy is in support of further development, whereby the tradeoffs can be thoroughly explored and rationalized.

A meaningful clean energy development model should include the following objectives:

- Accrues environmental benefits to Michigan when viewed on a holistic basis
- Has the real potential to increase employment in Michigan on a net basis
- Has a positive affect on electric power reliability
- Decreases the nation's dependence on imported petroleum

The risk of job loss associated with any increase in rates for electricity, should be viewed in the context of the potential for new job creation. For example, alternative energy technology developed in Michigan has the potential to satisfy the broader worldwide demand for alternative fuel and energy systems, as automobiles and electricity further penetrate the developing world. (Worldwide automobile saturation is currently approximately 12%; roughly 2 Billion people do not have access to electricity.) In addition, new jobs created in Michigan through local spin-off businesses should also be factored. For example, methane production from livestock waste has the potential to revitalize Michigan's livestock industry through improved operations and innovative use of waste energy and nutrients to grow food, fish, and nutraceutical crops.

Vehicular based bio-fuels and high efficiency natural gas fueled combined heat and power (CHP) systems support most or all of the above objectives and therefore, should also be included in the development of clean energy initiatives in Michigan.

NextEnergy is pleased that the MREP collaborative has issued a report with policy recommendations that transcend simple promotion. We believe that the opportunity to rapidly advance alternatives and renewable sources of energy requires a long-term strategy that includes dedicated financial resources singularly focused on the major hurdles outlined in the report.

In the meantime, there are a number of initiatives that can and should be dealt with in the short term. For example, the report contains several areas where collaborators seek assistance in the areas of public education, web-based consolidation and dissemination of information, marketing and tax incentive programs. Certain aspects of these programs are consistent with NextEnergy's charter and will be implemented during the remaining two years of our MEDC grant agreement. We are open to additional ideas as to how greater efficiencies may be gained through NextEnergy's participation in the MREP collaborative to advance clean energy technologies in Michigan.

Sincerely,

Jim Croce
Chief Executive Officer
NextEnergy Center