

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for) Case No. U-15872
the CITY OF NEGAUNEE ELECTRIC)
DEPARTMENT to fully comply with Public Act)
295 of 2008)
_____)

SUBMITTAL OF RENEWABLE ENERGY PLAN ANNUAL REPORT

In accordance with the Commission's Order issued March 2, 2010 (Doc. No. 12), the City of Negaunee Electric Department hereby submits its renewable energy plan annual report for 2009. A copy of this annual report, including any exhibits, is attached.

Respectfully submitted,

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Department

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Dated: June 29, 2010

ATTACHMENT

**Negaunee Department of Public Works:
Negaunee Electric Department
Renewable Energy Plan Annual Report for 2009
MPSC Case No. U-15872**

SECTION 1: PA 295 SECTION 51 SUBSECTIONS 1-3 REQUIREMENTS

Section 51. (1) By a time determined by the commission, each electric provider shall submit to the commission an annual report that provides information relating to the actions taken by the electric provider to comply with the renewable energy standards. By that same time, a municipally-owned electric utility shall submit a copy of the report to the governing body of the municipally-owned electric utility, and a cooperative electric utility shall submit a copy of the report to its board of directors.

Overview/executive summary information.

Negaunee Electric Department (Negaunee) is a member of WPPI Energy, a not-for-profit regional power company, located in Wisconsin serving 51 customer-owned electric utilities in Wisconsin, Upper Michigan, and Iowa. WPPI Energy will ensure Negaunee meets its renewable energy standard. WPPI Energy has at this time sufficient renewable energy resources to meet all member obligations, including Negaunee's renewable energy standard, which starts in 2012, for the foreseeable future.

WPPI Energy has a long term power supply contract with each member utility to supply all (with some limited exceptions) of the power and energy requirements of the member. Through WPPI Energy, members share resources to provide reliable, affordable electricity to more than 190,000 homes and businesses. WPPI Energy owns generation that covers nearly half of member needs and purchases power for the remainder from a variety of utilities and marketers. WPPI Energy also provides a variety of related services to members in the areas of benefits, distribution systems, information systems, marketing, community relations, rates, forecasting, and energy efficiency program support.

WPPI Energy's primary sources of renewable energy are contracts to directly purchase the output of individual projects and allocations from its slice-of-system contracts. In 2009, WPPI Energy's direct purchases of renewable energy included:

- Top of Iowa II Wind Project: 124,000 MWh
- Forward Energy Center (wind): 65,400 MWh

- Butler Ridge Wind Farm: 49,700 MWh (commercial operation began February 2009)
- Barton I Wind Project: 40,000 MWh (commercial operation began April 2009)

Renewable Energy Allocations from Slice-of-system Contracts. In addition, WPPI Energy has contracts with major investor owned utilities under which it pays a pro rata share of the resource costs for a pro rata share of the output. As such, WPPI Energy receives an allocation of renewable energy credits under these slice-of-system contracts. For example, if WPPI Energy is paying 5 percent of the resource costs for 5 percent of the output under a slice-of-system contract from a 1 million MWh system that includes 100,000 MWh of renewable energy, it will receive 5000 (5 percent) renewable energy credits. In 2009, WPPI Energy received 125,900 renewable energy credits under its slice-of-system contracts.

(2) An annual report under subsection (1) shall include all of the following information:

(a) The amount of electricity and renewable energy credits that the electric provider generated or acquired from renewable energy systems during the reporting period and the amount of renewable energy credits that the electric provider acquired, sold, traded, or otherwise transferred during the reporting period.

Negaunee joined WPPI Energy before January 1, 2008. As result, electricity generated from renewable energy systems (as defined in PA 295) sold by WPPI Energy to Negaunee may be a source of renewable energy credits used to satisfy the Michigan renewable energy standard (PA 295, Sec 29.(2).(e)).

WPPI Energy allocates renewable energy credits first to meet member renewable energy standards and second to maximize the value to the system. At this early date, it's not yet known how many vintage 2009 renewable energy credits WPPI Energy will allocate to Negaunee. Vintage 2009 renewable energy credits may be used to meet the Michigan renewable energy standard in 2012, but vintages 2010 through 2012 may also be used. In addition, price discovery regarding the value of a vintage 2009 renewable energy credit in the Michigan market compared to other markets is just beginning.

WPPI Energy can envision scenarios under which it allocates zero vintage 2009 renewable energy credits to Negaunee, as well as scenarios under which it allocates the maximum number, which would be equivalent to Negaunee's 2009 wholesale purchases of 23,367 MWh. WPPI Energy has sufficient renewable energy credits, after retiring the credits necessary to meet its 2009 obligations (e.g., Wisconsin renewable portfolio standard, Renewable Energy Program), to

allocate each Michigan member vintage 2009 renewable energy credits up to its 2009 wholesale purchases.

Given it is not known at this time specifically which, if any, vintage 2009 renewable energy credits will be allocated to Negaunee, it is not possible to determine at this time the number of 2009 vintage Michigan incentive renewable energy credits Negaunee will receive.

Electricity	Renewable Energy Credits Generated or Acquired Including Michigan Incentive RECs	RECs Sold, Traded or Otherwise Transferred
MWh	RECs	RECs
To be determined, between 0 & 23,367	To be determined, consistent with # MWh (between 0 & 23,367) plus any MI Incentive RECs	0

(b) The amount of electricity that the electric provider generated or acquired from advanced cleaner energy systems pursuant to this act during the reporting period.

Electricity	Advanced Cleaner Energy Credits Generated or Acquired	ACECs Sold, Traded or Otherwise Transferred
MWh	ACECs	ACECs
0	0	0

(c) The capacity of each renewable energy system and advanced cleaner energy system owned, operated, or controlled¹ by the electric provider, the total amount of electricity generated by each renewable energy system or advanced cleaner energy system during the reporting period, and the percentage of that total amount of electricity from each renewable energy system that was generated directly from renewable energy.

In 2009, Negaunee did not own any renewable energy systems or advanced cleaner energy systems, or directly purchase RECs or ACECs with or without nameplate capacity. As discussed above, WPPI Energy will allocate Negaunee vintage 2009 renewable energy credits as needed to meet Negaunee’s renewable energy standard in 2012 and maximize the value to the system.

For reporting purposes, the Project Names used in this report should match the Project Name used for reporting data to MIRECs (Michigan Renewable Energy Certification System).

Renewable Energy Systems Owned by Electric Provider					
Project Name	System Technology Type	Nameplate Capacity	Electricity Generated	Percentage Generated from Renewable Energy	RECs Generated
		MW	MWh	%	RECs
None					
Total					

¹ For the purposes of this report, the term “controlled” refers to renewable or advanced cleaner energy systems providing, under contract, RECs or ACECs with or without nameplate capacity or energy.

Advanced Cleaner Energy Systems w/ACECs Purchased Under Contract					
Project Name	Source	Electricity Generated	Percentage Generated from Advanced Cleaner Energy	ACECs Generated	Is This an ACEC-Only Contract?
		MWh	%	ACECs	Y or N
None					
Total					
For ACEC-only contracts, provide Project Name, Source, Electricity Generated, and Percentage Generated from Advanced Cleaner Energy data if available.					

(d) Whether, during the reporting period, the electric provider began construction on, acquired, or placed into operation a renewable energy system or advanced cleaner energy system.²

In 2009, Negaunee did not begin construction on, acquire, or place into operation any renewable energy systems or advanced cleaner energy systems, or initiate any direct purchases of RECs or ACECs with or without nameplate capacity.

Renewable Energy Systems					
Project Name	System Technology Type	Nameplate Capacity	Construction Start Date Or Acquisition Date (May be forecast)	Commercial Operation Date (May be forecast)	Is Project Owned by Electric Provider?
		MW			Y or N
None					

² Report information for projects owned by the electric provider and projects where the provider is purchasing renewable or advanced cleaner energy credits with or without energy or capacity.

Advanced Cleaner Energy Systems					
Project Name	System Technology Type	Nameplate Capacity	Construction Start Date Or Acquisition Date (May be forecast)	Commercial Operation Date (May be forecast)	Is Project Owned by Electric Provider?
		MW			Y or N
None					

(e) Expenditures made in the past year and anticipated future expenditures to comply with this subpart.

Include all expenditures to be recovered via the revenue recovery mechanism (renewable energy surcharge). Electric providers without a renewable energy surcharge may leave this table blank.

Negaunee will not experience any additional costs to comply with the renewable energy standards above the wholesale rates paid to WPPI Energy. Furthermore, the wholesale rates Negaunee pays to WPPI Energy do not include a premium for the cost to comply with the renewable energy standards.

2009 Actual Expenditures	2010 Anticipated Expenditures
0	0

(f) Any other information that the commission determines necessary.

1. Provide the electric provider's retail sales in MWh. Determine the retail sales number using the method (a) or (b) below that corresponds with the method approved by the Commission in the investor-owned electric utility's renewable energy plan:

- a. The number of weather-normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state. **For purposes of this calculation, electric providers using this option are directed to provide a forecasted retail sales estimate for 2011.**
- b. The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. **For purposes of this calculation, electric providers using this option are directed to provide a forecasted retail sales average using 2009, 2010 and 2011.**

1. Retail Sales (MWh)	21,803 (method b)
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- 2. Provide the total available RECs for the electric provider. Include available banked RECs from previous periods, Michigan Incentive RECs and RECs generated/acquired during the reporting period.

As discussed above, at this early date, it's not yet known how many vintage 2009 renewable energy credits WPPI Energy will allocate to Negaunee. WPPI Energy has sufficient renewable energy credits to allocate Negaunee vintage 2009 renewable energy credits up to its 2009 wholesale purchases of 23,367 MWh. The number of Michigan incentive renewable energy credits depends on the specifics of the available credits, and there are options in this regard. Therefore, we do not attempt to determine the number of Michigan incentive renewable energy credits. However, we expect the majority of any Michigan incentive renewable energy credits to be based on the "generated during peak" incentive. (There are no banked RECs, as 2009 is the earliest vintage that can be used for compliance with the Michigan renewable energy standard in its first year, 2012).

2. Total Available RECs	23,367 plus any MI Incentive RECs
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3. Calculate the electric provider's estimated available renewable energy percentage for the reporting period by dividing the total available RECs (Item number 2 above) by the retail sales (Item number 1 above) and multiplying by 100.

3. Estimated Available Renewable Energy % for Reporting Period	107%
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