

Dick DeVos

*Powering
Michigan
Forward*

Michigan Energy Conference
Ferris State University
Friday, April 11, 2008

**On Saturday,
March 29th
2008, millions
of people
around the
world turned
out the lights
for one hour to
save energy and
save the planet.
Did it make a
difference?**



**EARTH
HOUR**

8pm Saturday March 29, 2008

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We've turned the lights out. Now it's your turn - [Earth Hour](#).

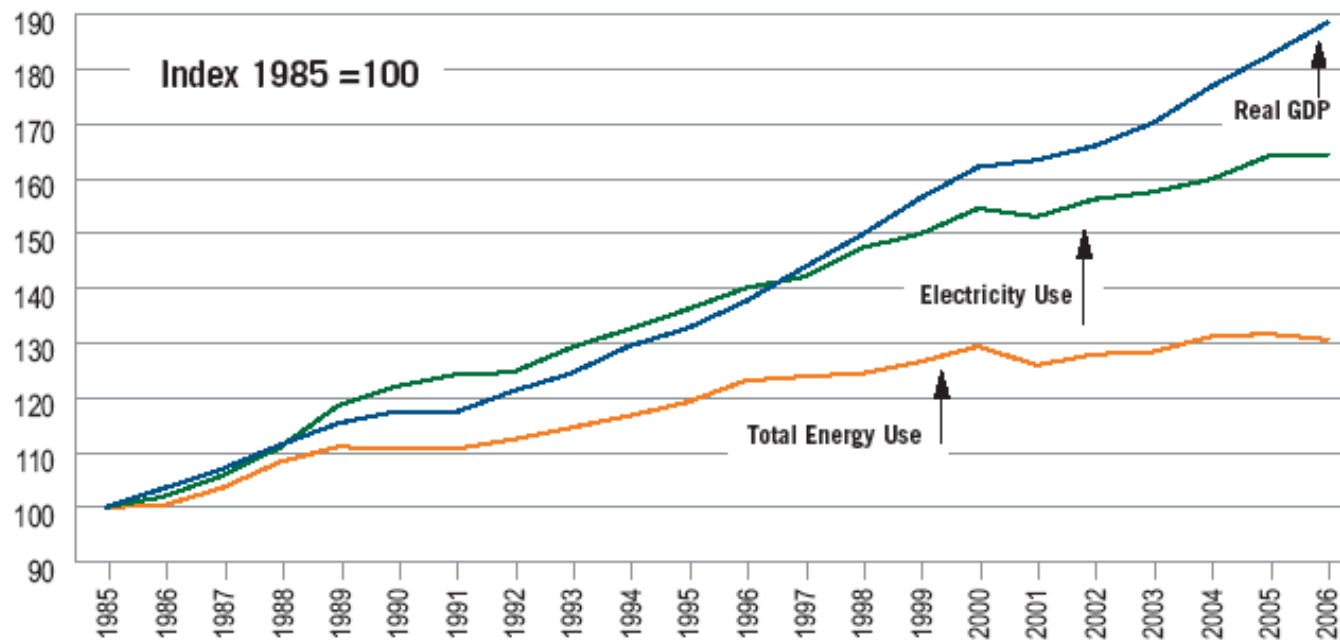
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Powering Michigan Forward

- o Turning Michigan's economy around is the key to revving up the renewable energy industry.
- o Turning Michigan around means focusing on economic development fundamentals.
- o Energy policy is key to our dual role as stewards of the economy and environment.

U.S. Economic Growth Is Linked To Electricity Growth

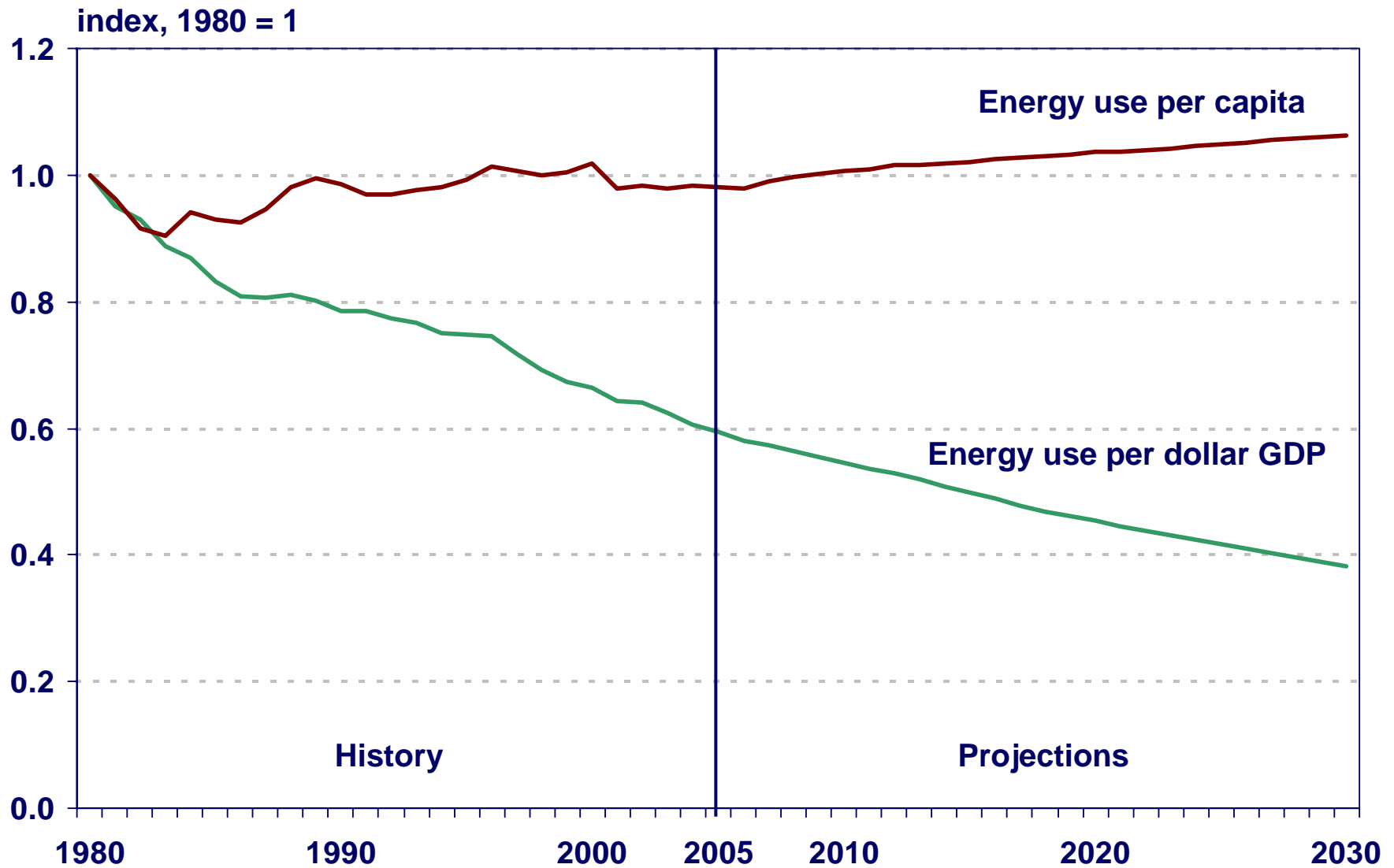


1985 represents the base year. Graph depicts increases or decreases from the base year.

Source: U.S. Department of Energy, Energy Information Administration (EIA).

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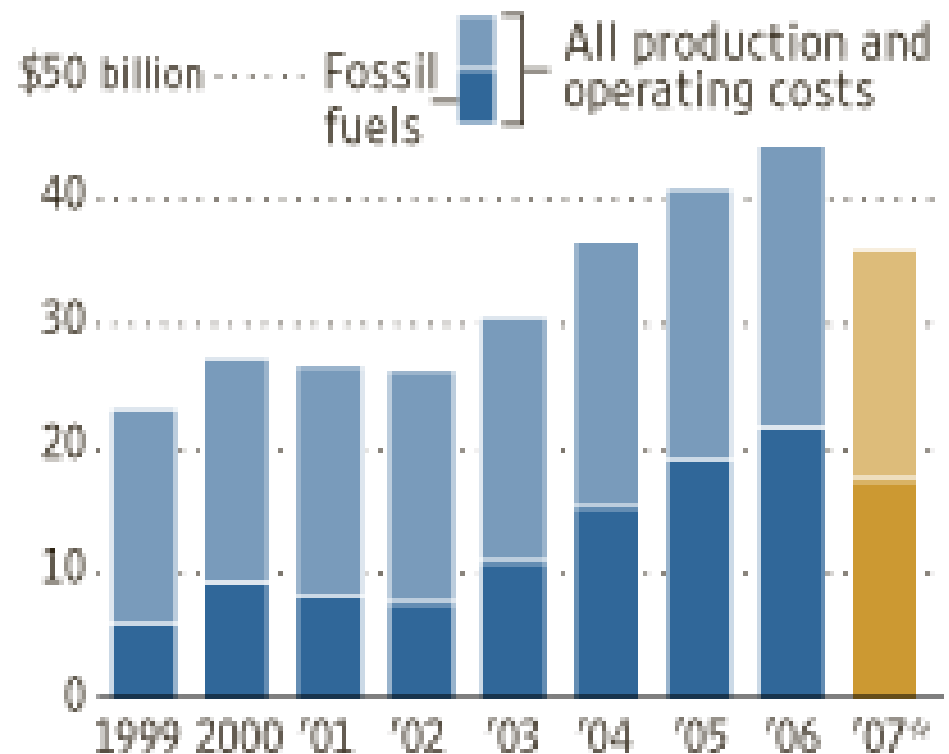
Energy Use per Capita and per Dollar of Gross Domestic Product, 1980-2030



Dow's energy costs in the 4th quarter of 2007 climbed \$1.7 billion compared to the 4th quarter of 2006.

Ballooning Bill

Rising fossil-fuel prices are hitting Dow Chemical hard. An increasing chunk of its production and operating costs goes to hydrocarbons to power its plants and to make products.



*Through the end of the third quarter

Source: the company

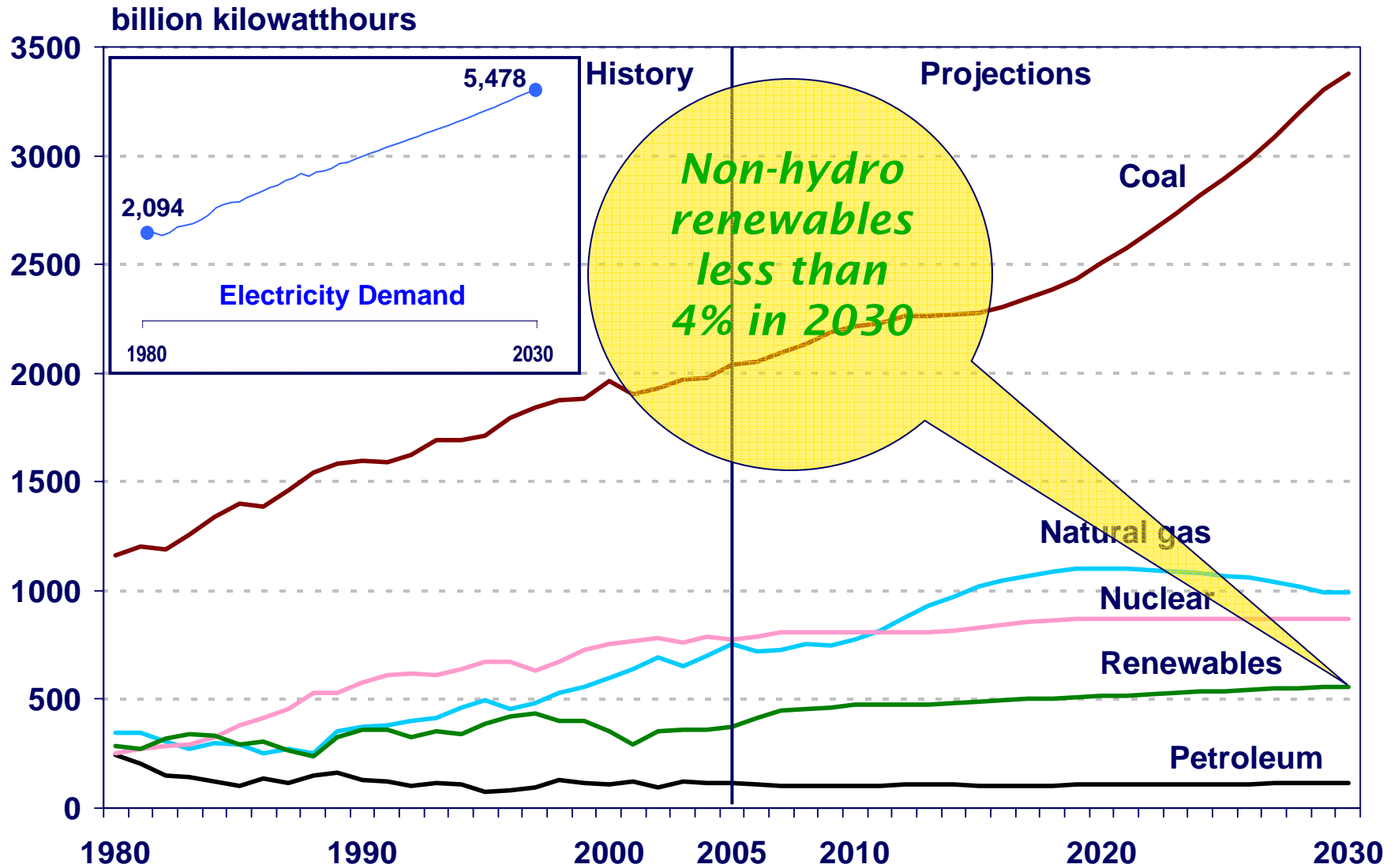
Questions for Michigan

- o **What is our strategy?**
- o **Are we becoming more entrepreneurial or less?**
- o **Are we cutting costs and becoming more competitive or are we falling further behind the competition?**

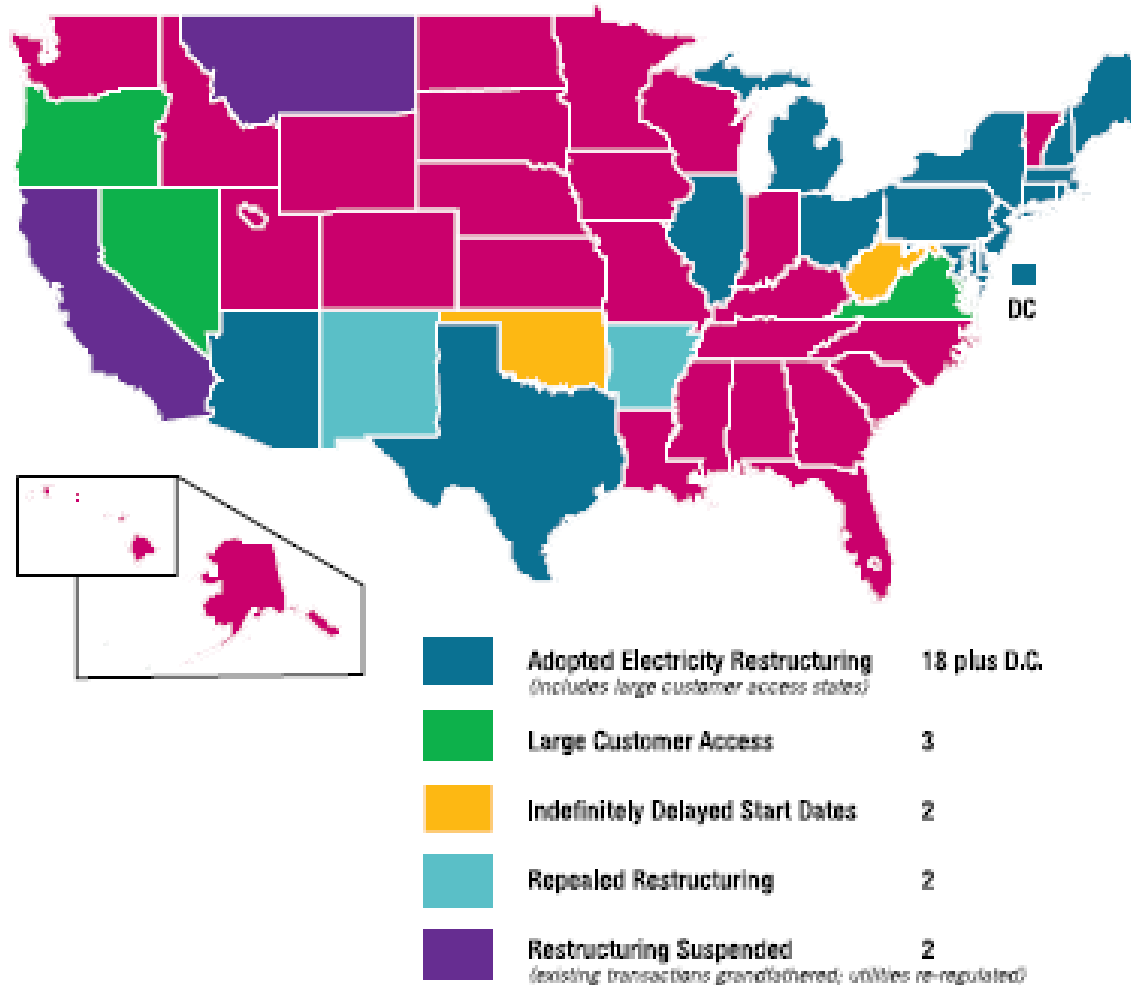
Sound Energy Policy

- o **Sound energy policy key to economic growth**
- o **Must be balanced across wide range of traditional and renewable energy sources**
- o **Get regulations right**
- o **Address need to replace aging power plants**

Electricity Generation by Fuel, 1980-2030



► Status Of Retail Electric Competition

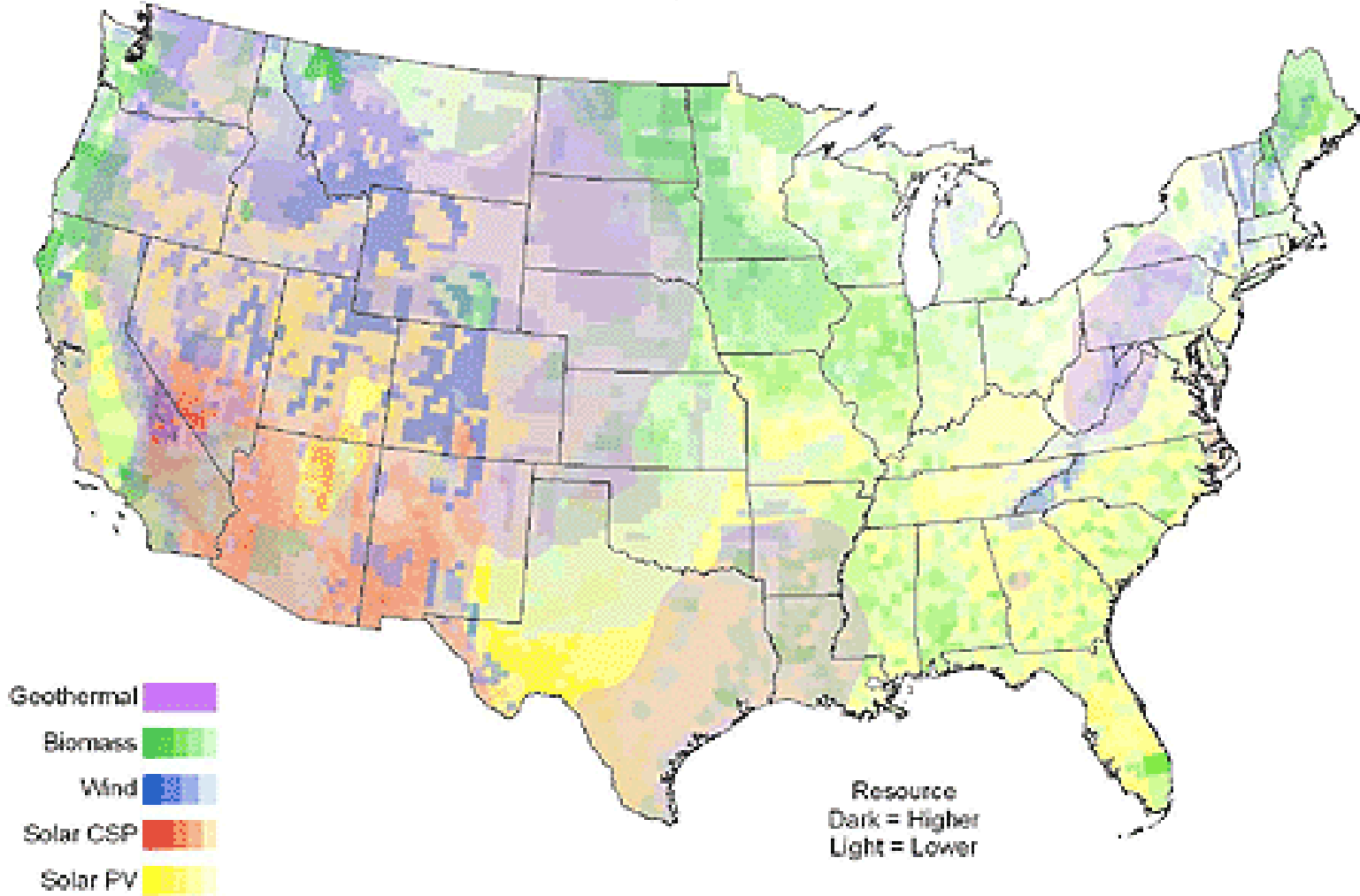


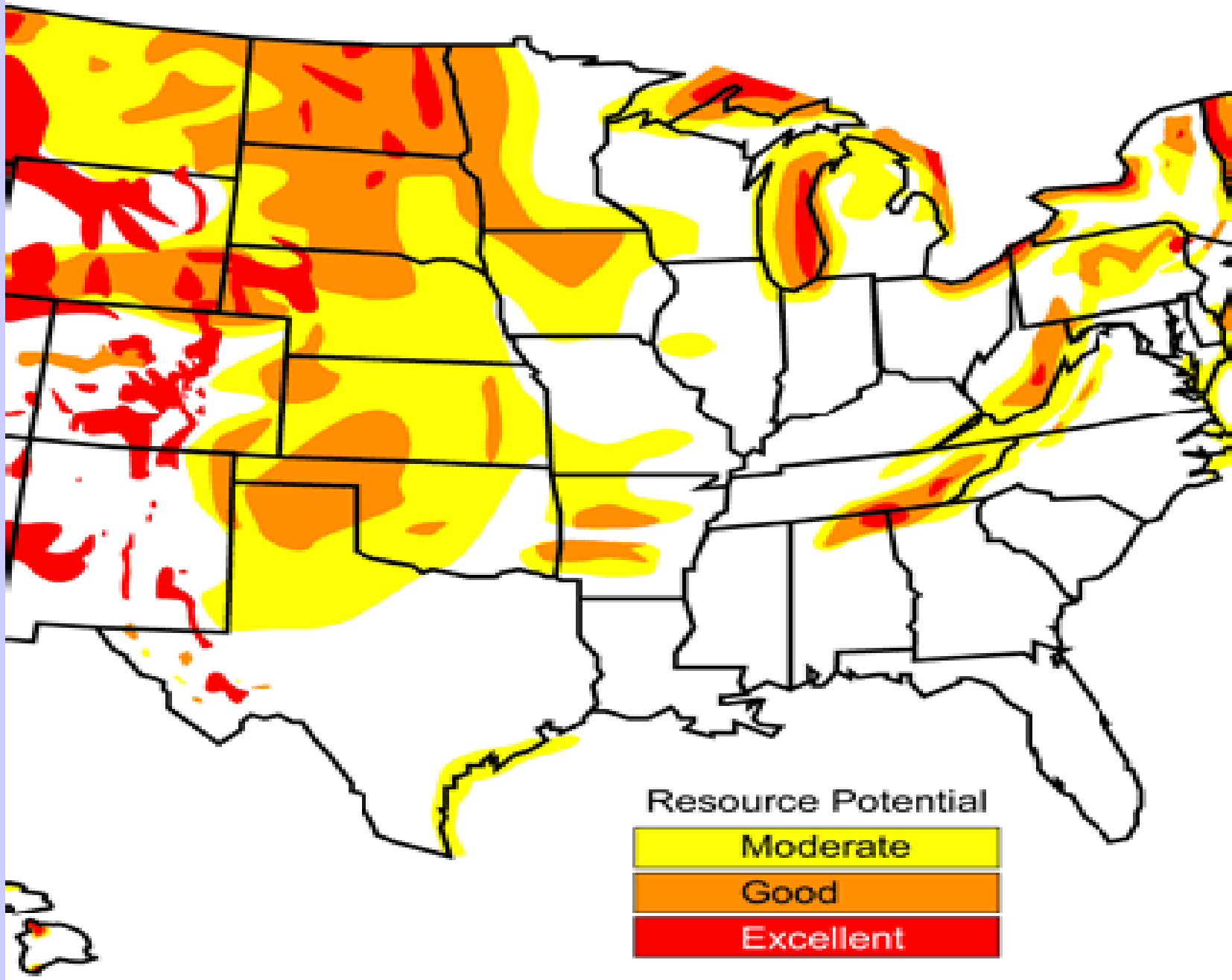
Source: Edison Electric Institute, status as of May 2007.

PA 141 – Best of Both Worlds

- o Allowed customers to choose between incumbent suppliers and alternative electrical suppliers**
- o PSC empowered to ensure financial health of utilities**
- o Did not require divestiture of generating plants**
- o Combined competition with consumer protection**

U.S. Renewable Resources





Nuclear Power Facts

- o A lifetime of electricity generates waste the size of a Coke can.
- o Virtually emissions free.
- o Coal burning plants emit more uranium than used by nuclear plants.
- o Critical to meeting challenge of global warming.

Michigan's Reality

- o **Worst unemployment in nation.**
- o **Rising taxes and regulatory costs.**
- o **One-third of manufacturing jobs gone.**
- o **Foreclosures skyrocketing.**
- o **More troubled banks than any other state**

Michigan's Choice

- Monopoly-creating, rate-raising plan
- Continue to control costs and insure reliability through competition and vigorous consumer protection

Renewable Portfolio Standard

- o 10 % of electric power from renewable sources by 2010
- o Goal of 25 % by 2025
- o “Off ramps” allow for failure if costs exceed \$6 billion
- o Incumbent utilities in charge of spending the \$6 billion
- o Biggest hidden tax increase in Michigan history

TX and MA Win Federal Wind Turbine Research Facilities



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News Release NR-1607

Large Wind Turbine Blade Test Facilities to be in Mass., Texas Access to waterways key; NREL to continue testing smaller blades in Colorado

June 25, 2007

The U.S. Department of Energy's National Renewable Energy Laboratory (NREL) will work with consortiums from Texas and Massachusetts to design, build and operate new facilities to test the next generation of giant wind turbine blades. The Department of Energy (DOE) announced the blade test facility cooperative research and development agreements (CRADAs) today.

The Commonwealth of Massachusetts Partnership and the Lone Star Wind Alliance in Texas were chosen to build facilities to test large wind turbine blades with an ultimate goal of testing blades up to 330 ft. (100m) in length. Blade testing is required to meet wind turbine design standards, reduce machine cost, and reduce the technical and financial risk of deploying mass-produced wind turbine models. Rapid growth in wind turbine size over the past two decades has outstripped the existing capabilities of the NREL's National Wind Technology Center, which operates the only facility in North America capable of full-scale testing of megawatt-size wind turbine blades.

NREL will continue testing blades at its facility in Colorado.

Transportation issues were key to deciding to build the new blade test facilities near waterways.

The Commonwealth of Massachusetts Partnership proposes to build a test facility at the Boston Autoport in Boston Harbor in 2009. The Boston Autoport provides a quickly developable site on the East Coast featuring proximity to substantial offshore wind resources, truck access, a rail spur and a 1,200-foot

Energy Policy Framework

- Create an environment conducive to investment.
- Develop independent, integrated assessment and planning process.
- Make replacement of aging power generation facilities a priority.
- Set a level playing field for all sources and suppliers of energy without picking winners or losers.
- Protect and expand customer choice.

Energy Framework (cont'd)

- o Include creative ideas such as renaissance energy zones
- o Offer tax credits to encourage development of clean and renewable energy plants.
- o Provide tax credits for investments in energy efficient equipment, construction of energy efficient building or retrofitting of old building to improve efficiency.
- o Provide incentives for utility companies to purchase electricity from clean sources.

Energy Framework (cont'd)

- o Require a competitive bid process for new power plants without burdening ratepayers for unneeded capacity or poor management decisions, faulty planning and cost overruns.
- o Streamline the regulatory process, especially for renewable power projects.
- o Target renewable energy companies for tax incentives and other inducements to locate their manufacturing in Michigan.

Energy Framework (cont'd)

- o **Implement proactive transmission infrastructure policy to encourage renewable investment.**
- o **Set clear, realistic and attainable goals for renewable power, not mandates.**
- o **Push Washington to address waste storage issues and to encourage development of clean, reliable nuclear capacity.**

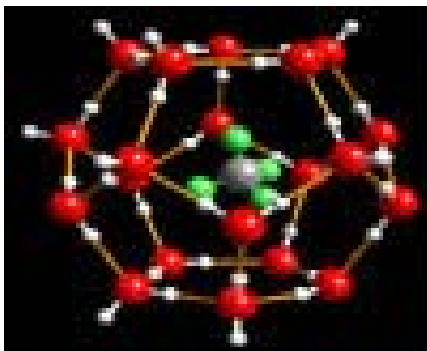
Energy Framework (cont'd)

- o **Include net metering without restrictions on size.**
- o **Do not rely on public funding.**
- o **Continue to create a diversified portfolio that reduces dependence on expensive “peak load” power sources.**
- o **Allow for competitively priced power to supplement state sources.**

Michigan's Tremendous Potential

- o Build on hard work of companies like Dow, Steelcase and auto industry.
- o Be inspired by the example of Michigan's industrial pioneers.





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