



Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

DEFINE QUALIFIED LANDFILL GAS

House Bill 4928 as introduced
First Analysis (9-29-93)

Sponsor: Rep. Dan Gustafson
Committee: Public Utilities

THE APPARENT PROBLEM:

A company that extracts methane gas from municipal landfills and sells the electricity produced from the gas to Detroit Edison has requested a clarification in the law. (The company reportedly has two projects, in Riverview and Sumpter Township.) The Public Service Commission enabling act requires public utilities with more than half a million customers in the state to buy power from waste-to-energy projects processing qualified solid waste or scrap tires, provided certain conditions are met. The solid waste requirement was imposed by Public Act 2 of 1989, and scrap tires were added by 1990 legislation. Utilities must purchase power from certain resource recovery facilities, and to qualify, such a facility must have machinery, equipment, and structures installed for the primary purpose of recovering energy through the incineration of qualified solid waste, landfill gas, or scrap tires, and must utilize at least 80 percent of its total annual fuel input in the form of qualified solid waste, at least 90 percent in the form of landfill gas, or 90 percent in the form of scrap tires, exclusive of fuel used for normal start-up and shutdown. Although the act provides definitions of the terms "qualified solid waste" (which must be generated within the state and more than half of which must be generated within the purchasing utility's service area) and "scrap tire", it does not provide a separate definition of "landfill gas." While this has not impeded the company's operation up to this point (and the purchasing utility and state officials are said to be satisfied with the operations' compliance with the act), concerns have been raised by those providing financing about the potential for future problems posed by this technical gap in the law.

THE CONTENT OF THE BILL:

The bill would amend the Public Service Commission enabling act to make the definition of "resource recovery facility" refer to "qualified landfill gas" and to specifically require utilities to enter

power purchase agreements with facilities incinerating qualified landfill gas. A definition of "qualified landfill gas" would be provided: gas reclaimed from a Type II landfill as defined in rules.

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

A company that generates electricity from methane gas extracted from landfills has asked for these clarifying amendments to ensure that there are no technical obstacles to continued operation or financing. While the utility to which it sells the power and state officials are said to be satisfied that the operation is within the terms of the law, entities providing the financing are concerned that the law is not clear enough. Providing a definition of "qualified landfill gas" and specifically citing "qualified landfill gas" in appropriate places will reportedly eliminate these concerns.

POSITIONS:

A representative from Michigan Cogeneration Systems testified in support of the bill. (9-21-93)