



Dykema Gossett PLLC
Capitol View
201 Townsend Street, Suite 900
Lansing, MI 48933

WWW.DYKEMA.COM

Tel: (517) 374-9100

Fax: (517) 374-9191

Shaun M. Johnson

Direct Dial: (517) 374-9159

Email: SJOHNSON@DYKEMA.COM

May 12, 2011

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909-7721

Re: Case No. U-16589
Alger Delta Cooperative Electric Association
Renewable Energy Plan Filing

Dear Ms. Kunkle:

Enclosed, for electronic filing, is Alger Delta Cooperative Electric Association's Renewable Energy Plan, 2011 in the above-referenced matter.

If you have any questions, please contact me.

Sincerely,

DYKEMA GOSSETT PLLC

Shaun M. Johnson

SMJ:jmb

cc: Tom Harrell

LAN01\234731.1
ID\JMBA1 - 025002/0999

**Alger Delta Cooperative Electric Association
Renewable Energy Plan, 2011
MPSC Case No. U-16589**

This is an updated version of Alger Delta Cooperative Electric Association's (Alger Delta) Renewable Energy Plan. No material changes have been made to the plan. However, the format of the plan has been changed to reflect the fact that Alger Delta is now member-regulated (vs. retail-rate regulated). In addition several figures have been updated:

- MWh from various renewable energy sources, on net an increase
- Alger Delta's retail sales 2009-2014: 2009 actual, 2010 actual, and 2011-2014 updated estimates (used in the calculation of Alger Delta's renewable energy standards).

It remains the case, as in Alger Delta's 2009 Renewable Energy Plan, Alger Delta plans to comply with the renewable energy standards of Public Act 295 of 2008 through its existing wholesale power purchase contract with WPPI Energy. WPPI Energy has sufficient, available renewable generation to meet Alger Delta's requirements through 2015 and into the foreseeable future, without purchasing renewable energy certificates.

The Plan

This filing by the Alger Delta Cooperative Electric Association (Alger Delta) complies with Public Act 295 of 2008 (the Act) and the related December 4, 2008 Michigan Public Service Commission Order (MPSC Case No. U-15800).

Part 2, Section 25 of the Act requires member-regulated electric cooperatives to file a proposed renewable energy plan. The plan must do the following:

- (a) Describe how the provider will meet the renewable energy standards
- (b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy credit portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in Michigan.

This document addresses each of the requirements listed above in turn. In addition, this document addresses the expected incremental cost of compliance with the renewable energy standards and the manner in which the provider will allocate costs.¹ First, some background information is provided on Alger Delta's wholesale supplier WPPI Energy.

¹ Member-regulated electric cooperatives are not required to include this information in their plans, but municipally-owned electric utilities are required to include such information in their plans. Alger Delta is a member

Background: Alger Delta's Wholesale Supplier WPPI Energy

WPPI Energy is a not-for-profit regional power company serving Alger Delta and 51 customer owned electric utilities in Wisconsin, Michigan, and Iowa. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to more than 195,000 homes and businesses in Wisconsin, Upper Michigan, and Iowa.

WPPI Energy has entered into separate long term power supply contracts with each of the members to supply all (with some limited exceptions) of the power and energy requirements of the members. 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.

Direct Purchases of Renewable Energy. WPPI Energy has contracts to purchase directly the output of individual projects that produce 427,900 MWh of renewable energy annually:

- Outagamie Clean Energy Project (biomass): 25,900 MWh
- Top of Iowa II Wind Project: 118,700 MWh
- Forward Energy Center (wind):67,700 MWh
- Butler Ridge Wind Farm: 142,000 MWh
- Barton I Wind Project: 73,600 MWh

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 certificates (RECs) 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) RECs. In 2012, the first year of the renewable energy standard, WPPI Energy estimates it will receive 233,200 RECs under its slice-of-system contracts. WPPI Energy's slice-of-system contracts include contracts with Wisconsin Electric Power Company and Wisconsin Public Service Corporation.

of WPPI Energy as are several municipally-owned electric utilities in Michigan. Each WPPI Energy Michigan member plan is prepared in a similar manner.

(a) How Alger Delta Will Meet the Renewable Energy Standards

By 2012, the first year of the renewable energy standards, Alger Delta will be taking all-requirements service from WPPI Energy. WPPI Energy will ensure Alger Delta meets the renewable energy standards. This is shown in Table 1, where Alger Delta’s REC deficit/surplus is zero. As mentioned earlier, WPPI Energy has several renewable energy projects under direct contract and receives allocations of RECs under its slice-of-system contracts. Taking into account all of these REC sources as well as the uses of RECs throughout the WPPI Energy system, WPPI Energy has sufficient RECs to meet Alger Delta’s renewable energy standards for the foreseeable future.

Table 1 Alger Delta’s Renewable Energy Standards

Item	2012	2013	2014	2015 & Years Thereafter
Average retail sales previous 3 years (MWh)	59,985	64,524	70,168	80,729
10% (MWh)	5,999	6,453	7,017	8,073
Renewable energy standard				
RECs owned 1-yr preceding effective date of the Act, 10/1/2007-9/30/2008	920	920	920	920
Gap (10% ave retail sales - RECs owned)	5,079	5,533	6,097	7,153
%	20%	33%	50%	100%
MWh	1,016	1,826	3,049	7,153
Renewable energy standard (RECS owned + Gap MWh)	1,936	2,746	3,969	8,073
RECs allocated by WPPI Energy (minimum)	1,936	2,746	3,969	8,073
REC deficit/surplus	0	0	0	0

RECs Owned 1-year Preceding Effective Date of the Act. In order to calculate the renewable energy standards during the phase-in period (2012-2014), it is necessary to determine the number of RECs owned by an electric provider during the 1-year preceding the effective date of the Act (October 1, 2007-September 30, 2008). From October 2007 through September 2008, WPPI Energy estimates Alger Delta would be entitled to 920 RECs from power supply contracts between Alger Delta and Upper Peninsula Power Company, Wisconsin Public Service Corporation, and Wisconsin Electric Power Company.

Member Renewable Energy Needs. WPPI Energy members in Wisconsin must meet a renewable portfolio standard (RPS). WPPI Energy estimates that RECs from contracts to directly purchase the output from individual projects and from its slice-of-system contracts will exceed the RECs need to meet the Wisconsin RPS by more than 300,000.

(b) Weather-normalized Load vs. Three-year Average of Load

Alger Delta will use the average number of megawatt hours of electricity sold annually during the previous 3 years to its retail customers in Michigan to calculate its renewable energy standards 2012 through 2015. The calculation of Alger Delta’s “Renewable Energy Standard (RECs owned + Gap MWh)”

in Table 1 uses this methodology. In years after 2015, Alger Delta will maintain the number of RECs established by the renewable energy standard in 2015.

(c) Expected Incremental Cost of Compliance

WPPI Energy estimates that Alger Delta’s expected incremental cost of compliance with the renewable energy standards will be zero for the foreseeable future (e.g., 20-year period beginning when Alger Delta’s renewable energy plan was approved by the MPSC, April 21, 2009). WPPI Energy has committed to its members in all jurisdictions to meet their renewable energy standards. WPPI Energy has sufficient REC sources in place (renewable energy projects under direct contract and REC allocations under slice-of-system contracts) to meet Alger Delta’s renewable energy standards for the foreseeable future.

Alger Delta 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 WPPI Energy pays to WPPI Energy do not include a premium for the cost to comply with the renewable energy standards.

(d) How Costs will be Allocated

As discussed above, there are no incremental costs to allocate.