

Michigan Opportunities for Offshore Wind Businesses

A. The Advantages of Michigan

Michigan offers one of the most competitive tax climates in the nation and an abundance of wind energy potential on Lake Michigan. In addition, the state has initiated a variety of public-private partnerships to expand resource availability for new and growing ventures.

The Michigan Economic Development Corporation (MEDC), itself a public-private partnership, is the state's lead agency for businesses and overall economic growth. MEDC offers business assistance services and capital programs. Michigan is a leader in advanced manufacturing and is one of the top states for industrial R&D. Growing industries in the state include advanced manufacturing and alternative energy.

A well-developed industrial base and advanced manufacturing facilities are a perfect fit for growing the wind industry in Michigan. Federal studies rank Michigan among the top four states in industrial capacity to develop and manufacture wind energy systems. The industry is well-supported by alternative energy supply chains. For example, the Michigan-based wind turbine blade manufacturer, Energetx Composites, received \$3.5 million to manufacture turbine blades with advanced materials, in collaboration with Oak Ridge National Laboratory, the Dow Chemical Company, and two Michigan-based universities.

Michigan is home to over 40 commercial ports, providing access to the St. Lawrence Seaway, major markets, and the other Great Lakes. The Detroit/Wayne County Port Authority is one of the largest ports in the Great Lakes and was established to develop and promote Detroit as a freight hub for the Midwest and southwestern Ontario. The Michigan Port Collaborative works to promote and expand port infrastructure and operations, and positions Michigan ports to import and export renewable energy equipment.

Michigan is at the top of the list for site selectors with more and more world-class companies locating there to get the Michigan Advantage—a talented and skilled workforce, a place where innovation thrives, robust technology infrastructure, great quality-of-life, and leading economic development incentives. Michigan is strategically located in the central United States and has numerous connections to anywhere in the world with 19 airports, thousands of miles of toll-free highways, an extensive rail network and navigational connections to the Atlantic Ocean through the St. Lawrence Seaway. Michigan is truly a gateway to the world, providing businesses access to national and international markets. Its robust energy utility infrastructure helps ensure ready access to competitively-priced power and water resources, and it has exceptional sources for natural gas production and storage.

B. Government Policies Pertaining to Offshore Wind Power

Renewable Resource Portfolio Standard

Michigan enacted its RPS in 2008, requiring utilities to generate 10% of their retail electricity sales from renewable energy resources by 2015. Bonus credits are available for certain renewable technologies (excluding wind) and for renewable electricity produced using equipment manufactured within the state. The credit amount is an additional 1/10 credit per MWh.

Offshore Wind Planning

Michigan is an active member of the Great Lakes Commission, the Great Lakes Wind Collaborative, and the Great Lakes Offshore Wind Energy Consortium. Michigan's State Energy Program (SEP) and the Michigan Energy Office (MEO) are housed in the MEDC and have an active offshore wind energy program. MEO staff serves as the Steering Committee Co-Chair for the Great Lakes Wind Collaborative and member of the Great Lakes Offshore Wind Energy Consortium.

C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind

Small Business Funding

Access to capital funding is available through new opportunities for small businesses in Michigan so they can grow and diversify. On January 14, 2010, Michigan was named the first state in the nation to win approval of approximately \$79.1 million in federal capital funding to support the state's cutting-edge Capital Access, Michigan Collateral Support, and Michigan Loan Participation programs, which are part of the Michigan Business Growth Fund efforts.

Michigan economic development officials were the driving force behind the creation and passage of the federal capital access program, which will allocate \$1.5 billion across all 50 states to support small business funding. The MEDC was instrumental in the creation of the successful Michigan Supplier Diversification Fund (predecessor to the MBGF) in June 2009 to address the widespread impact of the credit crunch many companies faced as the result of the global economic downturn. Since its inception, the program has committed approximately \$20 million which has sparked capital loans of more than \$191 million to 23 companies. To date, the capital loan program has had no defaults and has generated an estimated 4% annual return for Michigan taxpayers. So far, the capital loan program estimates that it has created and retained over 1,800 jobs.

Capital Access

Information on Michigan's Capital Access Program, Collateral Support Program, and Loan Participation Programs can be found at: www.michiganadvantage.org/Access-to-Capital/.