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2010 Innovations Awards Application

Deadline: March 1, 2010

ID # (assigned by CSG): **10-MW-15MI**

Michigan

Economic Development

Michigan's Advanced Energy Storage Initiative

Michigan Economic Development Corporation

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9. Michigan's Advanced Energy Storage Initiative has put tools and programs in place to position Michigan as the North American leader in advanced energy storage.

10. Michigan targeted development of the advanced energy storage sector in November, 2006.

11. Michigan targeted the advanced energy storage as part of our economic development strategy to diversify and transform our economy. Our diversification strategy was put into place to address the downturn and subsequent restructuring of the auto industry and massive jobs loss in traditional manufacturing sectors over the past decade.

12. In 2007, Michigan engaged battery experts, U.S. departments of Energy and Defense to convey critical need for establishing domestic battery industry and adequate funding. In May 2008, Michigan built a team of advanced energy storage experts to refine the state's business attraction strategy and develop incentives. Two months later, Michigan created the Centers of Energy Excellence program to leverage university, public and private sector strengths to accelerate commercialization of alternative energy technologies. And, in January 2009, Governor Jennifer M. Granholm signed into law the first-in-the-nation advanced battery credits worth \$335 million for advanced battery R&D and engineering, pack manufacturing and cell manufacturing.

The MEDC conducted a two-year research program to identify industry diversification opportunities leveraging our state's competitive advantages. It included:

- International/Federal/State trends, Market Analysis (size, trajectory, etc.)
- Partner input
- Worldwide best practice review in industry acceleration programs (Swedish Triple Helix, Cluster Approach)

The MEDC implemented cluster teams (advanced biofuels, wind, water, solar, advanced energy storage) to guide strategy and then worked to get passage of key legislation for targeted incentives to grow industry clusters.

13. The advanced battery tax credits offer refundable tax credits against a company's Michigan Business Tax liability. The Centers of Energy Excellence program provides grants funded through the state's 21st Century Jobs Fund.

14. N/A

15. N/A

16. The Centers of Energy Excellence program is funded through Michigan's 21st Century Jobs Fund. Phase I of the COEE program was allocated up to \$45 million to provide grants. Phase II was allocated up to \$30 million.

17. PA 580 of 2008 authorized the Advanced Battery Credits initiative and PA 175 of 2008 established the Centers of Energy Excellence program.

18. N/A

19. While other states might be looking at diversification and targeting alternative energy sectors, no state is working harder than Michigan. We are leveraging our automotive R&D capacity and our OEM's to identify companies that would lead in the advanced energy storage technology and manufacturing capabilities. Doug Parks, senior vice president, MEDC New Markets, took the lead in developing Michigan's advanced energy storage strategy – 300 N. Washington Square, Lansing, MI 48913, 517-241-6468, parksd1@michigan.org.

20. Again, no state can match Michigan in this space in terms of concrete action taken or the inherent strengths at our disposal.

21. Michigan's advanced energy storage strategy is in full swing. Michigan has leveraged our OEM's to identify companies that would lead in the advanced energy storage technology and manufacturing capabilities. Michigan has pre-seeded the market with two Centers of Energy Excellence in next generation battery technologies. In anticipation of significant federal funding opportunities, Michigan developed unique cost sharing tools to attract and grow this industry in Michigan. Those tools specific to this sector include the cell manufacturing credit, pack assembly credit, R&D credit, and Centers of Energy Excellence program.

22. The results gained through Michigan's advanced energy storage strategy has been nothing but positive and an entirely new industry is growing here:

Johnson Controls Saft, A123, Dow Kokam, LG Chem, Sakti 3, Fortu PowerCell, GM Pack Manufacturing, Magna Electronics, Ford, Eaton, Chrysler and Xtreme Power have begun or about to begin battery cell, pack and R&D operations in Michigan. Advanced energy storage value chain company projects underway include Azure Dynamics, Toda America and Techno SemiChem.

Outcomes:

Total job creation projected at 54,237 jobs
Federal investment of \$1.96 billion

State investment of \$1.48 billion
Total new business investment of \$5.7 billion
State investment leverage ratio of \$5.18 (fed+company/state)

23. N/A

24. Very few places on earth can match Michigan's automotive R&D expertise, manufacturing prowess, established infrastructure and value chain, not to mention a very skilled and talented workforce. Michigan had these advantages already and we are leveraging them to grow a new industry, diversify our economy and create thousands of new jobs.

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**2010 Innovations Awards Application
Program Categories and Subcategories**

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

Infrastructure and Economic Development

- Business/Commerce
- Economic Development
- Transportation

Government Operations and Technology

- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

Health & Human Services

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

Human Resources/Education

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

Natural Resources

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

Public Safety/Corrections

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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