



LEAGUE OF WOMEN VOTERS

*MICHIGAN*

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*EDUCATING AND ADVOCATING FOR RESPONSIBLE GOVERNMENT*

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## **Sorting Out the Energy Bills and League's Position**

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Current Michigan energy law is set to expire at the end of the year. We currently have PA 295, enacted in 2008, which provided that our utility companies diversify energy production to include 10% renewable energy by 2015. They have reached those goals. Renewable energy was defined as energy that is derived from sources such as solar, wind or water power. It specifically excluded fossil fuels. This Act also provided that utility companies employ energy optimization standards for energy efficiency. This requires them to set up programs that meet efficiency targets on an annual basis amounting to 1 percent of their retail sales. They have exceeded their targets to reduce energy use. Energy not used through efficiency benefits us, the consumer, with lower bills and a need for less capacity on the utility companies part. They need fewer power plants, use less fossil fuels and we get cleaner air.

The Governor is a strong proponent of Michigan taking control of our energy future. We had an emergency energy distribution situation in the Upper Peninsula last winter. He has formed a new Agency for Energy, headed by Valerie Brader. The EPA announced new Clean Power Plant rules last month and he was the first Governor to say Michigan will create their own compliance plan for approval by the EPA. Attorney General Schuette has announced his intention to sue based on EPA overreach. The Governor has called this action by the Attorney General an independent one. Snyder has shown leadership by addressing energy concerns in March and made it a priority along with road funding. He outlined a ten year plan moving Michigan away from coal and replacing with a mix of reduced energy waste, natural gas and renewables. His plan would see 30-40% of our energy needs replaced by renewable energy and energy efficiency. This breaks out to a 15% reduction in energy waste and 25% renewables by 2025. Unfortunately he did not mention any specific mandates or standards, just what was doable.

The House and Senate have been working on energy bills for some time. This would include HB 4297 and SB 437-438. These bills redefine renewable energy and call it "clean energy". Clean Energy would include the burning of municipal wastes and coal if it does not violate any state or federal air emissions regulations. If utilities are using technology which captures 85% of the carbon emissions, it would qualify. There is strong support for renewable energy from residents under the accepted scientific definition which excludes these fossil fuels.

The proposed bills provide no goals or mandates for energy efficiency. They would substitute an Integrated Resource Plan (IRP). This allows utility companies to set their own clean emissions standards to the Public Service Commission. This planning process is not a bad thing, but no substitute for set targets. Utility companies are in the business to sell electricity, not save consumers money

through energy efficiency programs. They have stated that they intend to continue these successful programs, but it will not be required under these proposed bills. The Michigan Public Service Commission just released a report showing that for every dollar spent on our energy efficiency programs, \$4 is returned to customers. “The cheapest energy is the energy never used” according to John Quackenbush, chairman of the Michigan Public Service Commission. These “mandates” have led to actual savings and should be maintained.

Our current net metering program would change. Presently people with solar roof installations use the electricity they produce and sell back the unused portion to the utility company. New rules would have solar users sell their generation at wholesale prices and buy back at retail. So they would be paying full price for the electricity they have produced with the added costs of the installation of solar. This is a disincentive to renewable energy. The Chamber of Commerce does not support this. The only support is coming from the utility companies.

The League of Women Voters supports a reliance on renewable resources and conserving energy. We also support action to “encourage the use of renewable resources and energy conservation through financial incentives, rate-setting policies and mandatory standards.” We have opposed HB 4297 and SB 437 and 438 with letters to the Committee members. Data that the Governor and the Michigan Public Service Commission use have demonstrated measurable results which benefited the people of Michigan using the set renewable standards and energy efficiency targets in 2014 under PA 295. Data shows that we can significantly increase those standards. The Governor suggests 25% by 2025. The Democrats have proposed 30% by 2022 with a pause button available to the Public Service Commission to reevaluate should costs increase to ratepayers.

Television ads and mailed flyers from Michigan Energy Future are funded by the utility companies. They call for support of the bills we oppose. Their claims are not substantiated. True clean, renewable energy has been highly successful. Changing the definition of renewable energy is unacceptable. Should utility companies be in charge of Michigan's energy plan? Our Legislators need to represent the best interests of their constituents. These bills are still in Committee. Lansing expects to have new legislation by year end.