



THE SENATE
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Energy Town Hall December 19, 2023

Stated Long Term Goal: Generate clean energy by making generation carbon neutral through mandates

- Mandates: 60% renewable by 2040 - 100% clean-carbon neutral by 2040.
- Renewable energy credits required of providers - make them or buy them.
- Required reporting of law's impact on: climate, equity, reliability, affordability, cumulative health
- Financial incentives to providers reaching goals ahead of schedule.
- Public hearing process through DEGLE.

SB 271

Increased Requirements of Renewable Energy Production/Clean Energy Standard

Renewable/Clean Energy Standard: 2029 - 15% / 2030-34 - 50% / 2035 - 60% / 2039 – 80% / 2040 – 100%

- Extensions available from the MPSC for certain causes: infeasibility despite reasonable attempts; too expensive for consumers; or compliance endangers grid stability regionally.
- Locals must submit a plan to do all this by 2028.
- Citizens and the Attorney General have the right to sue providers/generators for failing to meet the goals of the law applied only to Municipal and Co-op energy providers.
- Energy storage built to cover each providers percent of the load - NO existing storage counts.

Definition of Clean Energy:

- Methane Digesters- yes
- Current bio mass – only those presently in production, only with green wood
- Generation with zero CO2
- Generation with 90% carbon capture/ storage. – Greater than 90% administratively required later.
- Any other system the PCS determines.
- Specific Carve -Out for Consumers/Dow generation.

SB 273

Removes exemptions for non-regulated utilities.

Creates cash incentives to providers for creating energy waste reduction programs.

SB 502

Public Service Commission Must Consider: reliability, safety and resilience of the grid, service quality, affordability, minimizing harm to communities of color or low economic status, compliance with renewable energy plant regulations, cost effectiveness and non-discrimination.

- Study must be done every 5 years instead of 4.
- Project labor agreement requirement for all projects.

HB 5020/5021

Local Control, Siting, Transfer of Decision-Making Authority on Projects to the MPSC

HB 5120 - covers the application, certification, and construction process for solar and wind generation facilities with a nameplate capacity of 100 megawatts (MW) or more.

HB 5121 - amends the Michigan Zoning and Enabling Act to make zoning ordinances subject to Part 8 of the Clean and Renewable Energy and Energy Wasted Reduction Act.

- Energy storage facilities with a nameplate capacity of 100 MW or more and an energy discharge capability of 200 megawatt-hours (MWh) or more. Legislation does not apply to local units of government that have "compatible renewable energy ordinances."
- An electric provider may apply for a certificate from the MPSC for the project. This preempts local policies, regulations, or ordinances that prohibit, regulate, or restrict the construction, operation, or use of an energy facility.
- Prior to obtaining a certificate, an electric provider is required to hold a public meeting in each affected local unit (county, township, city, or village).

Application Requirements:

The MPSC is required to grant the certificate or deny the application within 1 year. While evaluating the application, the MPSC must consider the impact of the facility on local land use, including the percentage of land within the local unit dedicated to energy generation. Application approval may be made conditional on establishing vegetation or meeting pollinator standards, among other things.

Requirements of Proposed Facilities: Solar, wind, and energy storage facilities must meet certain construction requirements to comply with application standards. The bill prohibits local ordinances from prohibiting or regulating testing to determine a site's suitability.

Local Interest/Cleveland – Cliffs/Billerud

To meet the standards, UMERC will need to either construct new generation, build transmission to renewable energy projects, or purchase renewable energy credits with associated capacity.

- Depending on which option UMERC chooses, we anticipate customers could see cost impacts by 2030 at the latest.
- The new energy standards will apply to UMERC before the end of the useful life of the new natural gas plants (or "RICE units"), which UMERC constructed in Negaunee and Baraga. The RICE units came online in 2019 and were made possible by a 20 year power purchase agreement between UMERC and Cleveland-Cliffs. The useful life of the plants was anticipated to last until 2049.

This legislation places a large question mark on the future of the RICE units. It is feasible that the RICE units may need to retire before the end of their useful life. In that case, it is also likely that UP electric power customers will need to pay for the investment UMERC made, even if the plants are not operating; they will need to pay for new generation or RECs.