



May 7, 2015

Chairman Nesbitt and Members of the Energy Policy Committee
Energy Policy Committee of the Michigan House of Representatives
House Office Building, Room 519
Lansing, MI 48933
HB 4297 - 4304

NRDC would like to thank Representative Nesbitt and all members of the Energy Policy Committee for this opportunity to address the future of Michigan's Renewable Portfolio Standard (RES). This is an issue with far-reaching consequences not only for Michigan's energy policy, but also for the health of Michigan's residents and strength of its economy.

NRDC wishes to express its concern with redefining "renewable energy resource" to include forms of waste that do not "naturally replenish over a human, not a geological time frame and...[are] ultimately derived from solar power, water power, or wind power." It may be true that incorporating other energy resources that alleviate other problems in Michigan, such as excessive tire waste, into Michigan's energy portfolio may warrant further discussion. However, solving unrelated problems by undermining Michigan's efforts to promote an authentic renewable energy portfolio is ill-advised. Only those energy sources that are naturally replenishing and do not emit dangerous air pollutants deserve to enjoy the benefits of the "renewable" brand and the added incentive offered by MIRECs.

In its current form, the RES has worked exceptionally well. Renewable energy projections are on track to meet the 10% target.¹ The growth of wind capacity has been impressive. Since 2009, wind capacity has gone from almost zero to over 1400 MW.² As capacity has increased, the price of wind has rapidly declined. Currently, the levelized production cost of new wind farms in Michigan is less than \$50/MWh, which is nearly about \$14 less than the Michigan average.³

¹ ¹ Michigan Public Service Commission, *Report on the Implementation of the P.A. 295 Renewable Energy Standard and the Cost-Effectiveness of the Energy Standards*, February 13 2015, http://www.michigan.gov/documents/mpsc/PA_295_Renewable_Energy_481423_7.pdf.

² *Ibid.*

³ *Ibid*

The RES in its current form has created jobs and spurred in-state investment. Since 2008, \$2.9 billion has been invested in bringing new renewable energy resources online. It is estimated that renewable energy supports over 8,300 in-state jobs.⁴

Far from redefining or halting the expansion of the RES, Michigan should embrace and build upon this policy. A study sponsored by Michigan Conservative Energy Forum found that increasing Michigan's renewable energy target from 10% to 20% would result in 40,000 additional job years, \$2.11 billion in employee wages, and \$6.57 billion worth of economic benefits.⁵ This could all be attained at a reasonable price. Even if the RES is increased to 25% by 2025, the University of Michigan estimates that this will only cost the average household \$2.60/month.⁶

While it may be true that PA 298 has helped introduce a burgeoning renewable industry in Michigan, this industry cannot continue to grow without an RES. It is not as though renewable energy can compete on the merits in a competitive market or as part of an integrated resource planning process (IRP).

An IRP process alone has proven repeatedly that it undervalues and impedes the development of renewable energy. Referring to the chart⁷ below, those states with and Renewable Portfolio Standards are generating nearly three times more electricity from wind, solar, and geothermal sources than non-RPS States.

Renewable Types	Avg. % Renewable in non-RPS States	Avg. % Renewables in RPS States	Avg. % Renewables in RPS States (excluding 2 that allow "Clean Coal" and Gas that displaces coal)
All renewables	11.61%	17.36%	18.17%
Non-Hydro renewables	2.45%	7.69%	7.98%
Only wind, solar, and geothermal	1.97%	5.44%	5.65%

Moreover, comparing renewables to traditional generation solely on a cost basis dramatically undervalues the benefits of renewable generation. As mentioned, renewable energy resources generally do not result in a net increase in any of the dangerous pollutants that force Michiganders and the State generally to incur billions in annual health and environmental costs.⁸

⁴ *Ibid.*

⁵ "Michigan Conservative Energy Forum, *Economic Impact of Two Renewable Portfolio Standard Scenarios in Michigan, 2015 to 2025*, Jul 8, 2014, <http://www.micef.org/jobs-and-economy/>.

⁶ University of Michigan Energy Institute, *Expanding The Renewable Portfolio Standard For Michigan: A Study*, January 2015, http://energy.umich.edu/sites/default/files/michigan_rps_report_download_size_0.pdf.

⁷ U.S. Energy Information Administration, *State Profiles and Environmental Estimates*, http://energy.umich.edu/sites/default/files/michigan_rps_report_download_size_0.pdf; DSIRE, *Summary Maps*, <http://programs.dsireusa.org/system/program/maps>.

⁸ Union of Concerned Scientists, *Ripe For Retirement: The Case for Closing Michigan's Costliest Coal Plants*, November 2012, http://www.ucsusa.org/sites/default/files/legacy/assets/documents/clean_energy/Ripe-for-Retirement-Michigan-Report.pdf.

Thank you again for this opportunity to address the Committee. In furtherance of the health and prosperity of all Michiganders, NRDC urges this Committee to submit legislation that maintains the current definition of a renewable energy resource and increases the RES to at least 20% by 2022.