



MICHIGAN
Environmental
Council

THE BREAKDOWN

An overview of Michigan's landmark climate legislation



AT A GLANCE

This is a big win

Michigan's fight against climate change took a huge leap forward as the legislature approved landmark legislation advancing renewable energy generation, helping consumers save energy at home, and creating the foundation for a just transition to clean energy.

The six-bill package moves Michigan well beyond the policy status quo and what any major Michigan utility has proposed in its current long range energy plan, requiring utility companies to ramp up the transition to clean energy production, reducing barriers to building out large scale renewable projects, and paving the way for significant savings for Michiganders. Included in the package are these key wins:

- Michigan utilities must produce 100% clean energy by 2040, with 60% of that coming from renewable sources by 2035.
- Barriers to renewable energy development are reduced.
- Residents will get a lot more help making their homes more energy efficient and low-income Michiganders will have guaranteed programs to help them save money.
- Climate, health, equity and affordability will be explicitly considered in utilities' long-range plans for the first time.
- Citizen access to the regulatory process is significantly expanded.
- The state will monitor and support the community and worker transition to a clean energy economy.



This climate legislation is the first significant progress made in seven years. The success of these historic bills is due to the hard work of countless environmental advocates, especially our climate and energy team, who have worked tirelessly to engage our Environmental Council member organizations, meet individually with lawmakers, convene coalitions, and coordinate campaigns to advance this package.

OUR EXPERTS



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SENATE BILL 271

Clean energy standard

Setting a renewable and clean energy standard establishes Michigan as a climate leader, joining 8 other states with a 100% clean energy standard passed into law. These policies are the key to pushing our utilities to transition away from fossil fuels to generating power from renewable resources quickly and affordably. The bill also contains important provisions to raise the distributed generation cap on rooftop solar and require utilities to build out battery storage to ensure reliability and resiliency of our grid.

BILL BREAKDOWN

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
RENEWABLE ENERGY	60% by 2030 with interim goal of 40% by 2027. Renewable definition limited to wind, solar, hydro, geothermal, energy storage	MI has a 15% by 2021 RPS. Actual renewable resource capacity for CE is 11% and for DTE is 13.11%, but they are both in compliance with the RPS due to renewable energy credit retirement schedules	Expands Michigan's Renewable Energy Standard to 50% by 2030, and 60% by 2035. Renewable energy definition includes some forms of biomass, but does not allow tire or plastic burning
CARBON FREE	100% carbon free by 2035	MI has no clean energy requirements; the MI Healthy Climate plan is the only official state doc with climate action direction	Creates a 100% clean energy portfolio by 2040; 80% by 2035
UNBUNDLED RECS	No unbundled renewable energy credits (RECs) allowed under renewable energy standard, industry or utility	Michigan allows unbundled RECs to count towards MI's current 15% RPS, but no Michigan utility has used unbundled RECs	Utilities can use up to 5% unbundled RECs, restricted to the MISO region. Municipal utilities can use unlimited unbundled RECs. All unbundled RECs from utilities end in 2035
SOLAR CAP	At least 15% increase in the cap	Intervenors, through years of work, have negotiated caps independently with utilities; DTE has agreed to raise its cap to 6% and CE to 4%	Increases Michigan's rooftop solar cap from 1% to 10% and increases maximum size of projects from 150 kW to 550 kW
ENERGY STORAGE	MI Healthy Climate Plan goal: Adopt a statewide storage target to deploy 4,000 Megawatt (MW) of grid scale storage by 2040	Michigan has no legislative storage policy or goals. DTE committed to 780 MW of storage by 2035; Consumers Energy committed to a total of 75 MW by 2027 and 550 MW by 2040 in their last IRP settlements with pressure	Requires utilities to construct, acquire, or contract for 2,500 MW of storage by 2029 through a competitive bidding process established by the commission



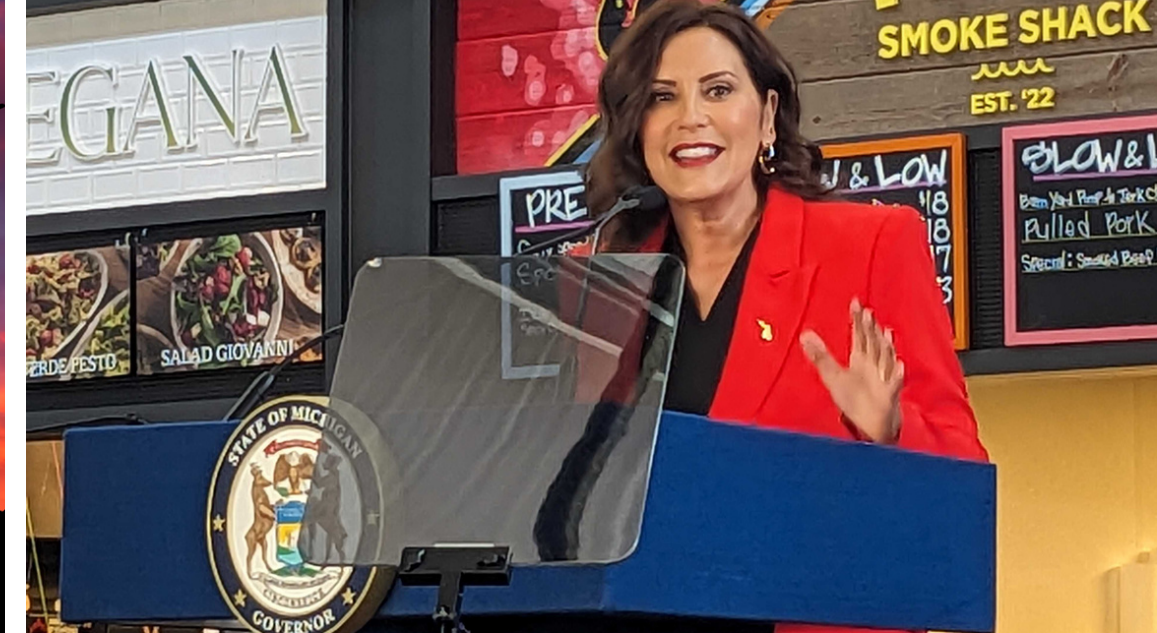
BILL BREAKDOWN, CONTD.

PROS	CONS	NEXT STEPS
The bill will push utilities to build more renewables than we are able to get them to agree to through the IRP process. Successful in getting tire and plastic burning excluded from definition of renewables.	There's no interim goal leading up to 2030 and there is broad language built in around offramps so utilities may be able to delay buildout and then argue that they can't reach the standards; some problematic forms of generation were included as "renewables"	Watchdog implementation in Renewable Energy Plans and Integrated Resource Plans
A 100% clean energy goal sends a bold cultural message and strong economic signal that MI is serious about the clean energy transition	Nuclear energy is included w/out a waste solution, natural gas is included with a carbon capture and storage rate of 90% or better	Push for build out of renewables in Michigan in utility IRPs
We were able to limit the utility use of unbundled RECs to 5%, which is a more strict limit than in current Michigan law. Unbundled RECs would expire in 2035.	If utilities use the full 5% allowance this would result in a reduction in the impact of the RPS targets; i.e. it would delay reaching those goals with in-state or imported energy	Push for build out of renewables in Michigan in utility IRPs
Increasing the cap should keep rooftop solar going strong, pushing towards the end of the decade, and removes a utility bargaining chip from the PSC cases	N/A	Further increasing the cap, but 10% should last us a long time
Energy storage is a crucial component of the clean energy future. This requirement increases and expedites utility-scale storage compared to the most recent IRP outcomes for DTE, Consumers Energy, etc.	N/A	N/A

SENATE BILL 273

Energy efficiency

The cheapest form of energy is the energy we don't use in the first place. These bills will raise the level of energy efficiency savings that utilities have to achieve each year and will require the municipal and cooperative utilities to offer these programs again. The bills will improve current energy efficiency programs by allowing health and safety spending to count. Minimum spending requirements in low income communities ensure that the people who need affordable energy the most will benefit from these programs. Finally the bill creates a new program to allow for electrification of appliances.



BILL BREAKDOWN

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
ELECTRICITY	Minimum standard of 2% energy savings compared to last year's electric sales	No state standard for municipal utilities or co-ops. 1% minimum standard for IOUs. DTE and Consumers have committed to 2% for the next few years in their IRPs	Modestly increases electric efficiency standards for electricity: from 1% to 1.5%, beginning in 2026. Provides a goal of 2% and incentives for major utilities that achieve > 1.5% waste reduction
GAS	Minimum standard of 1.5% for gas energy waste reduction.	No state standard for municipal utilities or co-ops. Minimum .75% standard for IOUs	Increases the efficiency standards for natural gas: from .75% to .875%, starting in 2026
	Municipalities & cooperative utilities are required to participate	Munis and co-ops are not required to offer energy efficiency programs after the last energy bills sunset the requirement in 2021	Munis and Co-ops are required to hit the EWR standards for electric and gas
	Provides strong incentives for natural gas providers to spend a min. of 67% on "deep" energy retrofits by reducing space heating loads through building weatherization, insulation, and HVAC improvements	Not in existing law	Same as MEC target policy

BILL BREAKDOWN, CONTD.

	PROS	CONS	NEXT STEPS	
	Will lower household utility bills across the state. Utilities are incentivized to spend more and encouraged to do electrification, health & safety fixes, and building envelope improvements	Incentives for utilities are very generous. We were also pushing for 2% electric EWR and requiring fuel switching to electric to count. Electrification is a voluntary program under the bill	Watchdog implementation in EWR and IRP cases	ENERGY WASTE REDUCTION ELECTRICITY
	Will lower household utility bills across the state. Utilities are incentivized to spend more and encouraged to do electrification, health & safety fixes, and building envelope improvements	Incentives for utilities are very generous and standards should be higher	Watchdog implementation in EWR and IRP cases	ENERGY WASTE REDUCTION GAS
	The policy in the bill is a good compromise between what the munis & co-ops think is achievable and what we'd like them to achieve	Muni & co-op spending may be less through the alternative compliance payment than they would otherwise spend on a program	N/A	MUNIS & CO-OPS
	This is critical to ensure energy efficiency programming goes well beyond low-hanging fruits like appliances and lighting	Spending more on these will probably reduce the number of households that can benefit since they are more costly than other energy efficiency options	This is good	WEATHERIZATION



BILL BREAKDOWN, CONTD.

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
ELECTRICITY MIN. LOW INCOME	For electric, a minimum low-income spending amount of 25% of total energy waste reduction program spending, and for natural gas at least 30% of total energy waste reduction program spending	Negotiated through the EWR case process, not existing in current law	Provides a floor for low-income electric and natural gas efficiency spending. For electric at least 25% of total energy waste reduction program spending, and for natural gas at least 35% of total energy waste reduction program spending
GAS ELECTRIFICATION	Allow fuel switching to electrification to count for a percentage of EWR goal	Not in existing law; MPSC has said fuel switching is not allowed under current law in the EWR program	Enables electrification but does not require it
DIVERSE WORKFORCE	N/A	Not in existing law	Requires utilities serving more than 50,000 customers to hire and develop a diverse energy waste reduction workforce and for related careers, with an emphasis on hiring from low-income and environmental justice communities
HEALTH & SAFETY	Allow health & safety spending to count	Not in existing law; utilities have run small pilot programs	Low-income energy waste reduction programs must include investments in home health and safety improvements necessary to address impediments to implementing energy waste reduction measures

BILL BREAKDOWN, CONTD.

	PROS	CONS	NEXT STEPS
MIN. LOW INCOME	Low-income minimum spending ensures that households who need affordable energy the most are benefiting from these programs	We agreed to a compromise that would allow the utilities a few years to ramp up to the minimum spending levels	This is good
FUEL SWITCHING	Electrification authorized for all electric and gas utilities, counts toward EWR standards/goals for muni's and co-ops and investor-owned gas utilities	Doesn't require/mandate it or create incentive for smaller investor-owned utilities without gas operations. Unlikely utilities with gas divisions will do electrification absent a requirement	This is okay. We preserved electrification in the statute, but it's unlikely utilities with gas divisions will do electrification programs
DIVERSE WORKFORCE	This will help low-income individuals and communities benefit from increased employment opportunities and a career path in the building trades	The bill language is not as strong as it could be. Language does not require union labor or prevailing wage - these jobs tend to be lower paying at entry level	N/A
HEALTH & SAFETY	This is necessary to address impediments to implementing energy waste reduction measures	Again, spending more on health & safety likely means less households served in total	This is good

SENATE BILL 502

Expanding MPSC authority

This bill will expand explicit Michigan Public Service Commission (MPSC) authority to factor in climate, equity, and affordability in its decision making processes for IRP case proceedings. The MPSC will now be able to consider the impacts that certain resource plans will have on environmental justice communities rather than focusing solely on reliability and cost of resources. The bill also requires the MPSC to host four public input hearings a year. Importantly, it triples the funding for citizen interventions through the Utility Consumer Participation Board (UCPB) and expands the number of cases we are able to intervene in, giving more power to intervenors in MPSC cases. Finally, it calls on the UCPB to try and fund more environmental justice and community groups.



BILL BREAKDOWN

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
MPSC AUTHORITY	Expands the authority of the MPSC to consider climate, equity, and affordability in its decision making processes for all case proceedings	Decisions must follow the regulatory doctrine of "just and reasonable." MPSC has allowed for health and equity metrics to be considered in certain dockets (e.g. IRPs) but does not have grounding in statute to use this data to strongly influence decisions	Expands the authority of the MPSC to consider climate, equity, and affordability in its decision making processes for IRP case proceedings
INCLUDING EQUITY	Including equity as a factor in the MPSC's expanded authority	N/A in existing law	Specific language in the IRP that requires energy provider plans to promote environmental quality and public health and minimize adverse effects on human health, with a priority on improvements in communities disproportionately impacted by pollution and other environmental harms
UCPB FUNDING	Would like to increase UCPB funding	Base funding has been \$650,000 for advocates, and \$900,000 for the Attorney General intervention	Increases base funding to \$2 million for advocates (which rises with inflation) and \$1.8 million for the Attorney General. Expands board representation mandate to climate, justice, health, and equity goals listed above
PUBLIC HEARINGS	Require MPSC to host public meetings for all major IRP/rate cases	MPSC has hosted public meetings in previous years after full court press by intervenors, and public meetings in places with ready participation by low-income customers has been rare	New requirements for MPSC to host 4x public meetings per year in places that promote easy participation by low-income customers; creates new proceeding re: boosting public participation

BILL BREAKDOWN, CONTD.

PROS	CONS	NEXT STEPS
Gives the MPSC some of the tools it needs to hold utilities accountable and force them into alignment with the public interest	Only expands authority in IRP cases, not the general mandate of the commission	Work with MPSC on updating the IRP filing requirements. Make sure the policy is well implemented. Advocate for future authority expansion to include rate cases
Empowers MPSC advocates to block gas facility proposals. Allows MPSC to consider impacts on environmental justice communities when making decisions	N/A	This is good
Will give more power to advocates and hopefully bring in more EJ intervenors in MPSC cases. Allows funding to count toward any case before the commission (except transmission cases)	N/A	This is good, for now
Encourages public participation in the IRP processes	Does not require the MPSC to use information gathered in the identified case	Ensure public hearings are well advertised and attended by community advocates

SENATE BILL 519

Just transition

This bill was added at the request of labor stakeholders. It establishes the Community and Worker Economic Transition Office to provide workers with resources as we transition to a clean energy economy.

BILL BREAKDOWN

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
CREATION OF THE OFFICE	N/A	Currently, no office exists dedicated to this transition	Creates the Community and Worker Economic Transition Office within the Department of Labor and Economic Opportunity and requires the Office to coordinate efforts related to its mission of assisting workers and communities during the State's renewable energy transition
STATEWIDE PLAN	N/A	Currently, no statewide plan is in place to transition workers into the clean energy sector	Requires the Office to develop a community and worker economic transition plan and submit a finalized version to the Governor and Legislature on December 31, 2025
TRANSITION REQUIREMENTS	N/A	No statewide plan currently exists for industries affected by a significant economic transition	Prescribes requirements for developing a transition plan, such as aligning local, State, and Federal resources to invest in communities and workers whose transition-affected industries were subject to significant economic transition
TRANSITION FUND	N/A	This restricted fund does not currently exist in the state budget	Creates the community and worker economic transition fund within the state treasury



BILL BREAKDOWN, CONTD.

	PROS	CONS	NEXT STEPS
CREATION OF THE OFFICE	Dedicates department staff and resources to transitioning workers from nonrenewable energy jobs to renewable energy jobs which will become more widely available	Will likely require an appropriation with FTEs to staff and fund the office	N/A
STATEWIDE PLAN	The office will be comprised of several state appointed experts from diverse stakeholder groups. Also, clearly specifies an objective of the office	Process could take a significant amount of time and we must ensure appointees exemplify ALL stakeholder groups	N/A
TRANSITION REQUIREMENTS	Specific requirements will ensure the transition plan created by the office will be effective and contain specific policy goals/objectives	Will be difficult to create a transition plan that will satisfy all stakeholder groups and units of government	N/A
TRANSITION FUND	Will allow annual appropriations to be made to continue funding the office	Will require a portion of money appropriated each year to the LEO budget	N/A

HOUSE BILLS 5120 & 5121

Reducing renewable energy barriers

These bills give the MPSC more authority over siting utility scale renewable projects and level the playing field for large scale renewable energy generation since fossil fuel projects and pipelines are already sited through the MPSC. They will streamline the process and pave the way to achieve the ambitious renewable and clean energy standards established in SB 271. The bills also balance local community interests through community benefits agreements, funding for local governments to intervene in the MPSC's contested case proceedings, and allowing local governments that have implemented good-faith renewable zoning ordinances to maintain control over issuing permits.



BILL BREAKDOWN

	MEC TARGET POLICY	STATUS QUO	POLICY AS PASSED
RENEWABLES	Same as passed but at the 50MW level or higher	No statewide process for permitting renewable energy projects, though utility scale fossil fuel projects, transmission lines, and pipeline infrastructure are permitted through the MPSC	Allows an electric provider to apply to the MPSC for a certificate to construct a wind facility of 100MW of generational capacity or a solar facilities and energy storage facilities of at least 50MW of generational capacity
PREEMPTIVE ZONING	Ideally would streamline the process by preempting all local zoning and moving the process solely through MPSC	Local governments have complete control and can pass moratoriums or overly restrictive zoning ordinances for renewable energy projects, even after the projects have started to move forward	A granted certificate would preempt a zoning ordinance and other local regulations or rules that prohibited or more restrictively regulated an energy facility
ENVIRO. IMPACTS	Considerations for migration patterns, floodplains, and other environmental impacts be included in the permitting process. Requirement for native vegetative ground cover	Permitting process is unique to each local unit of government. State and federal NREPA and CWA laws must be followed with any permits issued	To gain approval, any wind, solar, or storage project must: comply with the NREPA; Address any impacts to waterways, wetlands, wildlife, parks, and historic or cultural sites; Provide a soil and economic survey report
PUBLIC BENEFITS	Tangible benefits for local communities must be included	Property taxes or payment in lieu of taxes brings monetary benefits to local governments from these projects	Developers must enter into a community benefits agreement with local communities
CONTESTED CASES	Process should be a contested case	No ability to intervene in local permitting processes.	An application would have to undergo an MPSC contested case proceeding, and the MPSC would have to issue a certificate or deny an application within a year of the application filing
HB 5121	Amend the Michigan Zoning Enabling Act (MZEA) to give MPSC authority over siting large renewable projects	Local governments have sole authority over zoning renewable projects	Amends the MZEA to allow MPSC-issued permits on renewable siting to preempt local zoning codes, as enacted in HB 5120

BILL BREAKDOWN, CONTD.

PROS	CONS	NEXT STEPS
More utility scale renewable projects will gain approval to be built in Michigan, helping utilities meet the new clean energy standards. Developers will have more certainty in Michigan and will be further incentivized to build projects here	MPSC will have more responsibilities and will need to staff up appropriately to carry out this new process	Advocate for MPSC appropriations and FTE asks to adequately implement this policy
Local governments who pass good renewable energy zoning ordinances are rewarded. Developers will have more certainty that projects can move forward without locals revoking permits at the last minute.	Developers will still have to engage with local governments who have appropriate renewable energy zoning ordinances, which could have the effect of slowing down the process	This policy is fine
Requires pollinator friendly vegetative groundcover. Addresses environmental impacts	Environmental impact language is broad and up to the developer to consider	This policy is fine
Local communities will receive tangible benefits from having these projects built in their jurisdiction	There is no strong enforcement mechanism for this policy	Promote enviro. projects in communities to receive funding from community benefit agreements
Gives local communities more of a say in the process	Could slow down proceeding if cases become contested	N/A
Streamlines permitting processes through the MPSC, allowing renewable projects to move forward faster	Local governments unhappy about losing some permitting authority	N/A

RENEWABLES

PREEMPTIVE ZONING

ENVIRO. IMPACTS

PUBLIC BENEFITS

CONTESTED CASES

HB 5121



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