MICHIGAN
Environmental
Council

To: Members of the House Energy Committee
From: Charlotte Jameson, Chief Policy Officer, Michigan Environmental Council
Re: Testimony in Opposition to HB 4007 and 4283

Michigan Environmental Council opposes HB 4283 and HB 4007, which would allow fossil gas plants without any pollution controls to be categorized as renewable energy and clean energy respectively. The bills are an unnecessary and premature carveout for two profitable corporations that will deny residential customers cheaper energy options.

Comprehensive energy planning should determine the most affordable, reliable path forward

Utilities demonstrate how they will comply with the renewable energy standards that were adopted by the Michigan Legislature through the process of submitting a renewable energy plan (REP) to the Michigan Public Service Commission (MPSC). Regulated utilities are also required to submit Integrated Resource Plans (IRP) to the commission, which are long range energy plans. These plans ensure utilities are meeting expected long-term growth of demand with minimal cost by using a wide selection of means, from supply-side (increasing production and/or purchasing the supply) to demand-side (reducing the consumption). UMERC has already filed its REP this year and it will file its next IRP in Oct. 2025. Both the REP and the IRP will be fully adjudicated during this legislative session.

Since 2016, when the legislature directed utilities across Michigan to prepare and file IRPs, utilities have been using this comprehensive modeling and stakeholder engagement process to develop long-range energy plans that represent the most reliable and affordable mix of electric resources. An IRP is the best way to determine the most affordable mix of energy to meet our 100% clean energy standard and to maintain reliability.

Before the legislature allows unabated, polluting gas plants to count as renewable energy or clean energy, **UMERC should be required to show in an IRP that continuing to operate all the RICE units without any pollution reduction is the best plan for their customers relative to other resource options. Furthermore, UMERC should be required to defend its position that it cannot meet the renewable energy standard through truly renewable sources in its REP.**

In short, it is premature to change state law that all other utilities have to comply with for the UP RICE units.

Michigan's clean energy laws do not require UMERC to close down unabated gas plants

Michigan's 2023 clean energy laws require utilities to get 100% of their electric sales from clean energy resources. The law requires pollution reduction and abatement at gas plants that the utilities will count towards their 100% sales requirement, but nothing in the law requires gas plants to close.

It is regularly the case that utilities have more generation capacity than their sales amount. This additional generation is there for reliability and for line losses. Other utilities are working on IRPs right now and are considering keeping gas plants online past 2040 without pollution controls for reliability while still complying with the 2023 law, demonstrating that there is no requirement to shut down unabated gas plants.

The law will require UMERC to build more renewables and battery storage. It might also result in UMERC running the RICE units less or running fewer of them. **But there are many ways to comply with the law without shutting down the RICE units, rendering these proposed changes to state law unnecessary.**

Additionally, the 2023 law allows utilities to apply for extensions to both the renewable energy standard and the clean energy standard if there are concerns about reliability or other issues. UMERC can easily petition the commission for an extension and make the demonstration to the commission that an extension is necessary. **The legislature should ensure that UMERC first exhausts remedies allowed under the law, like the extensions from the standards, before passing legislation essentially watering down the standards.**

Meeting the renewable and clean energy standards will keep costs low for customers

In the certificate of necessity[1] and IRP cases where the MPSC approved building the RICE units, clean energy advocacy groups demonstrated that the reliability and energy needs of customers could have been met through a combination of renewable energy, energy efficiency, battery storage, and demand response instead. The groups' modeling showed that the most affordable path forward to replace expensive coal power was a plan centered around building out renewable and clean energy resources. This remains the case today.

Renewable energy, demand response, and energy efficiency are key resources that keep energy costs low and save people money on their utility bills. These clean energy resources also serve as a hedge against the volatile price of gas. An overreliance on gas can put ratepayers at risk of price shocks.

[1] Certificate of necessity are a process at the commission for utilities with more than one million retail customers in this state that seek to build a project costing more than $100 million.

Additionally, compliance with the 60% renewable energy standard will help UMERC lower costs by offsetting the amount of energy the utility currently buys from the wholesale market. Around 45% of UMERC's sales come from the RICE plants and the rest the utility is essentially buying from the MISO market. As they build renewables and storage they can cut back on the percentage of energy capacity they are purchasing from the market. **By allowing UMERC to skirt our clean energy laws, the legislature will be denying customers cheaper resource options and energy savings.**

The Environmental Council urges members of the committee to oppose HB 4007 and 4283. The legislation before you is not the result of an analysis that determines the most affordable and reliable path forward for UMERC's customers. Rather, it is an unnecessary exemption from state law, at the behest of two profitable corporations. If these bills pass, UMERC will not fully evaluate cheaper energy alternatives in their IRP, and will thus deny additional energy savings for their residential customers.

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To: Members of the House Energy Committee
From: Abby Wallace, Movement Building Coordinator, Michigan Environmental Council
Re: Testimony in Opposition to HB 4007 and 4283

Thank you for the opportunity to speak today. My name is Abby Wallace and I work on the Environmental Council's Movement Building team. I'm also a resident of Marquette, Michigan. I want to address the role of the Upper Peninsula in meeting Michigan's clean energy goals and the need for U.P. utilities to fully align with the state's transition to 100% clean energy.

Under Michigan's 2023 clean energy laws, our state has committed to sourcing 100% of its energy from renewable sources by 2040. The Michigan Healthy Climate Plan further sets a goal of achieving 100% carbon neutrality by 2050. These are ambitious but achievable targets—achievable for the state as a whole, and achievable for the Upper Peninsula.

Yet, I continue to hear the argument that because the natural gas RICE units in the U.P. were built in 2019 and are expected to be paid off by 2049, they are a stranded asset that we cannot afford to stop using. But this is a narrow way of looking at the challenge. The reality is that utilities regularly navigate changes in energy markets, technology, and policy. For example, utilities in Michigan regularly change the depreciation schedule for assets. UMERC and Marquette could move up depreciation of the RICE units to 2040, so that assets would be paid off sooner. These RICE units should not be an excuse to stall progress; instead, U.P. power companies should be investing aggressively in renewable energy and battery storage to ensure the region is on track with state standards and to ensure UP residents have access to cheap, affordable renewable energy.

There are creative ways to reduce the reliance on these plants while still managing costs. As my colleague's testimony indicates there is nothing in law that requires UMERC or Marquette to close down the RICE units. But there are resource mixes that could be more affordable to UP customers. For example, utilities could significantly ramp up renewable generation and energy storage and thereby reduce the frequency and duration of RICE unit operation. There are also ways that the RICE units could be made more efficient themselves. Additionally, they could explore opportunities to sell the energy these plants produce rather than using it locally, allowing the utilities to meet the clean energy standards while managing financial obligations. The Michigan Public Service Commission's recent report also outlined additional ways UMERC and Marquette could meet the clean energy standards, none of which involved changing the law to classify unabated gas plants as

renewable energy or clean energy.

The Upper Peninsula absolutely can meet Michigan's clean energy and climate goals, and the utilities serving the region should be taking every opportunity to do so. Most residents of the Upper Peninsula are passionate environmentalists who care deeply about preserving the region's natural beauty and ensuring a sustainable future. It's hard to imagine they would support a policy that locks the U.P. into decades of fossil fuel dependence, especially when cleaner alternatives are available. The state's commitments to renewable energy and carbon neutrality are not optional, and there is no reason for the U.P. to be left behind in this transition.

Thank you.