

# Renewing Michigan's Economy

## *Creating Jobs and Protecting the Environment with a Renewable Electricity Standard*

This November, Michigan voters should support a 25 percent Renewable Electricity Standard (RES) to create and sustain good jobs for Michigan workers and protect the Great Lakes State's environmental beauty.

Workers in the Great Lakes State have shouldered more than their share of our nation's economic woes. With hundreds of thousands still out of work, the manufacturing sector struggling to rebound, and austerity measures hurting the working class,<sup>1</sup> Michigan workers deserve an opportunity to thrive and make their state great again — an opportunity that the clean economy can provide.

### Background

Renewable Electricity Standards are policies that increase the proportion of electricity content through the use of wind, solar, biomass, and other clean, renewable energies. Michigan's Clean, Renewable, and Efficient Energy Act was signed into law in October 2008. The law established an Integrated Renewable Portfolio Standard of 10 percent by 2015. The Act specifies "biomass, solar photovoltaics and solar thermal energy, wind energy, hydroelectric power, geothermal energy, and energy generated from landfill gas capture as potential sources of renewable energy." Up to 10 percent of the standard can be met through efficiency measures that reduce emissions by 85 percent.<sup>2</sup>

Across the country, nearly 30 other states have Renewable Energy Standards. Fellow Midwest states Minnesota, Illinois, and Ohio all have standards of 25 percent, while other states like California and New York reach even higher.<sup>3</sup> The economic and environmental benefit of these standards is proven, and raising Michigan's standard will benefit Michigan's workers and consumers.

### Creating Jobs, Saving Money

Michigan's Renewable Portfolio Standard is creating jobs and saving Michiganders money on electricity. Building off the success of the current Renewable Portfolio Standard, a more ambitious, robust standard of 25 percent RES by 2025 will have an even greater impact, creating an estimated 44,000 jobs and adding \$10 billion to Michigan's economy.<sup>4</sup>

**Michigan's current Renewable Portfolio Standard has injected millions into Michigan's economy and created jobs.** From 2008 through 2011, \$100 million has been invested in meeting the Renewable Portfolio Standard. "A benefit of the additional investment, manufacturing, installation, administration and development of clean and renewable energy has been job creation."<sup>5</sup>

### Michigan companies and laborers are working hard to meet the Renewable Portfolio Standard.

Over 200 Megawatts (MW) of renewable generation, "representing 22 renewable energy facilities utilizing Michigan labor have been constructed in Michigan... [Another] 45 contracts for utility scale projects" are expected to in operation by the end of 2012.<sup>6</sup>

### Renewable energy and efficiency are saving Michigan ratepayers money.

The cost of energy from renewable sources "continues to decline and is cheaper than new coal-fired generation." Furthermore, for "every dollar spent on energy optimization, ratepayers see a return of over \$4.00 in avoided energy costs."<sup>7</sup> Still, the new RES ballot initiative further protects consumers by limiting rate increases attributed to compliance with the standard to one percent a year, or no more than \$1.25 a month for the average household.

### Creating a Sustainable, Self-Reliant Future

Renewable energies are an increasingly cost-effective clean, reliable way of producing electricity.<sup>8</sup> Furthermore, renewable technologies are manufacturing intensive, rely on local support and staffing, and eliminate the need to import fossil fuels from far away — adding a much desired boost to Michigan's economy.

**Michigan currently imports the vast majority of its energy resources — investing in renewables and energy efficiency will keep money and jobs in the state.** Michigan imports 97 percent of its petroleum needs, 82 percent of its natural gas and 100 percent of its coal and nuclear fuel from other states and nations. “These imports account for about 72 cents of every dollar spent for energy by Michigan’s citizens and businesses. Michigan spent a total of \$31.3 billion on all forms of energy in 2009 and of that amount \$22.6 billion was for the energy resources imported from other states and nations.”<sup>9</sup>

**Michigan spent over \$1.3 billion a year on coal imports in 2009.** Much of this coal travels all the way from Wyoming and Montana and is shipped across the sensitive ecosystems of the Great Lakes. In 2009, Michigan coal burning plants generated 66 percent of all electricity in Michigan.<sup>10</sup>

## Proposed Language

*The following new Section 55 would be added to Article IV of the Michigan Constitution:*

### § 55 Michigan’s Clean Renewable Electric Energy Standard

- It is the policy of Michigan to promote and encourage the use of clean renewable electric energy sources. Clean renewable electric energy sources, which naturally replenish over a human rather than geological time frame, are wind, solar, biomass and hydropower.
- Beginning no later than 2025, at least 25% of each electricity provider’s annual retail electricity sales in Michigan shall be derived from the generation or purchase of electricity produced from clean renewable electric energy sources. The foregoing clean renewable electric energy standard shall be implemented incrementally and in a manner that fosters a diversity of energy generation technologies. Facilities used for satisfying the standard shall be located within Michigan or within the retail customer service territory of any electric utility, municipally-owned electric utility or cooperative electric utility operating in Michigan.
- Consumers shall be charged for electricity from clean renewable electric energy sources in the same manner and on the same basis as for electricity from other sources.
- To protect consumers, compliance with the clean renewable electric energy standard shall not cause rates charged by electricity providers to increase by more than 1% in any year. Annual extensions for meeting the standard may be granted, but only to the extent demonstrated to be necessary for an electricity provider to comply with the foregoing rate limitation.
- The legislature shall enact laws to promote and encourage the employment of Michigan residents and the use of equipment manufactured in Michigan in the production and distribution of electricity derived from clean renewable electric energy sources.
- Any provision or portion of this section held invalid or unconstitutional shall be severable from the remaining portions, which shall be implemented to the maximum extent possible.

1. New Report on Impact of MI’s Austerity Budget Released,” WCHB News Detroit, June 27, 2011, <http://wchbnewsdetroit.com/2287482/new-report-on-impact-of-mis-austerity-budget-released/>.

2. “Renewable and Alternative Energy Portfolio Standards,” Center for Climate and Energy Solutions, [http://www.pewclimate.org/what\\_s\\_being\\_done\\_in\\_the\\_states/rps.cfm](http://www.pewclimate.org/what_s_being_done_in_the_states/rps.cfm).

3. “Detailed Table of State Policies,” Center for Climate and Energy Solutions, <http://www.pewclimate.org/docUploads/State%20rps%20acps%20details.pdf>.

4. “Frequently Asked Questions,” Michigan Energy, Michigan Jobs, <http://mienergymijobs.com/Information/FAQs.aspx>.

5. “Report of the Implementation of the P.A. 295 Renewable Energy Standard and the Cost-Effectiveness of the Energy Standards,” Michigan Public Service Commission Department of Licensing

and Regulatory Affairs, February 15, 2012, [http://www.michigan.gov/documents/mpsc/implementation\\_PA295\\_renewable\\_energy2-15-2012\\_376924\\_7.pdf](http://www.michigan.gov/documents/mpsc/implementation_PA295_renewable_energy2-15-2012_376924_7.pdf).

6. Ibid.

7. Ibid.

8. “Renewable Energy Becoming Cost Competitive, IEA Says,” Reuters, November 23, 2011, <http://www.reuters.com/article/2011/11/23/us-energy-ica-renewables-idUSTRE7AM0OV20111123>.

9. “Michigan Energy Overview,” Michigan Public Service Commission Department of Licensing and Regulatory Affairs, October 2011, <http://www.dleg.state.mi.us/mpsc/reports/energy/energyoverview/>.

10. Ibid.



The BlueGreen Alliance is a national, strategic partnership between labor unions and environmental organizations dedicated to expanding the number and quality of jobs in the green economy.

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