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Lawmakers should keep state energy standards strong



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Bills introduced in the state House and Senate ignore available information on Michigan's energy policy and would undo the success the state has experienced in recent years, writes Liesl Eichler Clark, president of the Michigan Energy Innovation Business Council.

By Liesl Eichler Clark

When the Michigan Legislature enacted energy legislation in 2008, a bipartisan group of lawmakers agreed to include strong standards for energy efficiency and renewable energy, and with good reason.

These standards provide certainty to businesses making investments and balance the interests of ratepayers, including commercial and industrial businesses, with the interests of utility shareholders. Moreover, these standards have proven to help deliver energy to Michigan homes and businesses at a fraction of the projected cost.

Fast forward seven years, and state lawmakers are on the brink of rewriting energy legislation yet again. The good news is that lawmakers have seven years of experience in directing what the energy landscape will look like in the years to come. The bad news is that some lawmakers appear indifferent to what history has taught us when it comes to energy policy.

Bills introduced in the House and Senate would eliminate the requirement for energy optimization programs and freeze the renewal portfolio standard at its current level. Such an approach ignores available information and would undo the success Michigan has experienced over the past seven years.

The discussion about energy legislation needs to be data-driven, and Gov. Rick Snyder deserves credit for launching such a process with a yearlong information gathering exercise in 2013 that culminated in four comprehensive reports titled *Readying Michigan to Make Good Energy Decisions*.

Here is what recent history has shown. According to the Michigan Public Service Commission, energy optimization programs have saved customers money every year since 2009. Overall program expenditures of \$1.1 billion from 2010 to 2014 are estimated to achieve lifetime savings to all customers of \$4.2 billion, and investments made in 2014 will generate \$4.38 in savings for every dollar spent.

According to another report, this one commissioned by the Michigan Conservative Energy Forum, simply maintaining current energy optimization programs will generate \$8.1 billion in economic activity through 2023. Finally, an analysis by the nonprofit Institute for Energy Innovation has found that expanding energy efficiency is key to cost-effectively meeting Michigan's energy challenges.

There is also strong historical data when it comes to renewable energy. The MPSC estimates that the development of wind, solar, biomass and other renewable technologies has spurred \$2.9 billion in investment since 2009. As a result of advances in technology and rapid cost declines for wind and solar, we've seen this investment at a fraction of the costs projected in 2008. Indeed, the state's largest utilities — DTE Energy and Consumers Energy — have eliminated the renewable energy surcharges from customer bills, highlighting the fact that renewable energy is now cost-competitive with traditional energy sources.

A stable policy framework has also helped grow advanced energy manufacturing, which is now a \$7.2 billion industry in Michigan — larger than natural resources and mining, twice as large as furniture manufacturing, and more than 70 times larger than the state's oil and gas extraction industry.

Given this success, it is little wonder that state voters overwhelmingly support renewable energy and energy efficiency. A poll commissioned by the Christian Coalition of Michigan earlier this year found that 90 percent and 84 percent of Michigan voters, respectively, support requiring utilities to implement energy optimization programs and an expansion of the RPS requirement that utilities obtain 10 percent of their energy from renewable resources — a requirement that has already been met.

While there are merits to discussing how to improve existing energy legislation, it would be a mistake to revoke clear standards that have provided certainty for investors and the market, resulted in billions of dollars of investment, saved Michigan families and businesses money on their utility bills, and helped to grow the manufacturing sector, especially when those standards enjoy broad, bipartisan public support.

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