



To: House Committee on Energy, Communications, and Technology
From: Nicholas Occhipinti, Michigan League of Conservation Voters
Date: November 1, 2023
RE: Michigan's Clean Energy Future Now: Support for Senate Bills 271, 273, 502, and 519

Energy issues are kitchen table issues. They are pocketbook issues, and they are health issues. This legislation is an important step forward for making Michigan's energy more clean, efficient, just and affordable. It's an investment in a healthier, more sustainable future and will make sure our state is competitive in the global marketplace.

Clean and efficient energy is cheaper than fossil fuels; this legislation will reduce costs. Fact: *Renewable energy and energy efficiency are cheaper than coal and natural gas, and renewable energy is winning in the marketplace.* Renewable energy sources have become significantly cheaper than coal and are increasingly undercutting the price of natural gas. Energy efficiency is by far the best investment to drive down energy costs for ratepayers. According to the Michigan Public Service Commission (MPSC), every dollar spent on energy efficiency results in \$4 in savings for customers. Since 2009, energy efficiency programs have saved MI customers \$6 billion in electric costs and \$2 billion in natural gas costs. In the MPSC's 2022 Renewable Energy Standard Report, the levelized cost of energy from coal is \$133/MWh, while the levelized cost for energy from renewable sources such as solar and wind is \$64/MWH. Wall Street has taken notice of this fact, which is why capital is flooding into the renewable energy sector. According to an April 2023 Forbes magazine article, solar energy is "considerably less expensive than coal, diesel, nuclear, natural gas and fossil fuel. How cheap? We're talking about four cents per kilowatt-hour."

This is how Michigan wins the economic future; unlocks federal funding

Passing this legislation will help Michigan access an unprecedented amount of federal money from the Inflation Reduction Act (IRA). A recent report from 5 Lakes Energy (a regular intervenor at the MPSC) demonstrates how passing clean energy legislation this year will help take full advantage of the billions of dollars available in federal funding. Passing this legislation now is critical to taking advantage of tax credits from the IRA, which expire in 2032.

The following are examples of areas of federal investment that MI will unleash by passing Senate Bills 271, 273, and 502:

- *Energy Efficiency Home Improvements Rebates and Tax Breaks* for installing new appliances, electrical systems, energy audits, and for efficiency and weatherization.
- *Tax Credits* covering 30% of the costs to install solar and battery storage systems in homes and apartments with direct payments to schools, community centers, and local governments
- *Renewable Energy Production and Clean Electricity Investment Tax Credits* are being replaced in 2025 by the new tech-neutral Clean Electricity Tax Credit in 2025 (1.5 cents per kWh); a 10% bonus for facilities located in energy communities (defined as brownfield sites or fossil fuel communities), and a 10% bonus for projects located in low-income communities or on Tribal land; 20% bonus for projects located in low-income residential buildings / benefit projects.

- *The Greenhouse Gas Reduction Fund (Green Banks)* is rolling out billions of dollars through several grant competitions to provide financial support for projects that reduce or eliminate greenhouse gasses, especially for low income and disadvantaged communities.

Unleashing rooftop solar will reduce costs and expand access to affordable energy.

These bills increase Michigan's rooftop solar cap to 10% which is expected to meet demand for rooftop solar through the end of the decade. The cap on the size of distributed generation projects will also be increased allowing rooftop solar to meet more of the power needs for homes and businesses. Federal IRA benefits are available to cover 30% of the costs to install solar panels and battery storage systems, make home improvements that reduce energy leakage, and upgrade heating and cooling equipment. Taken together, it's estimated that these changes to unlock rooftop solar will lead to new distributed generation systems for over 137,000 new households.

Empowers the MPSC to consider climate, health, and justice in Integrated Resource Planning

For the first time in Michigan's history the Michigan Public Service Commission will be required to specifically consider low-income Michiganders, environmental justice communities, and our health when approving utilities' long-term energy plans. The bill requires the MPSC to consider whether plans "adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities, and "make adequate progress towards the elimination of the adverse effects of human health due to power generation in this state."

Clean and renewable energy legislation will improve Michiganders' health

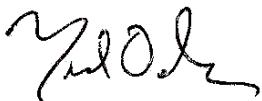
Air pollution causes more than 11,000 deaths across the country each year. The power sector is a major contributor to poor air quality and dangerous pollution and it is estimated that strong action on clean energy will prevent 1,000 deaths in Michigan by 2050 and save Michigan over \$8.3 billion in avoided health care costs by 2050. The Michigan Clinicians, for Climate Action supported SB's 271, 273, and 502 in September's Senate Energy and Environment committee hearing stating that robust clean energy transition centered on health and equity has the potential to save thousands of lives, avoid hospitalizations, ER visits, cases of dementia, preterm deliveries, low birth weight, stillbirths, and cardiovascular and pulmonary impacts.

Strong labor agreements: SB 502 requires apprenticeship programs; prevailing wage, union and project labor agreements For the construction and maintenance of energy supply facilities as part of the IRP process, utilities must include apprenticeship programs registered with the U.S. Dept. of Labor. Workers must be paid prevailing wages, and entities performing the construction and maintenance will enter into labor agreements or collective bargaining agreements.

Aligns with President Biden's clean energy standard and Gov. Whitmer's MI Climate Plan

President Joe Biden has committed the U.S. to 100% clean energy by 2035 and net zero emissions by 2050. These federal goals are in line with Governor Whitmer's MI Healthy Climate Plan, which calls for a 100% clean energy economy by 2050, and 60% renewable by 2030. These goals are backed by extensive scientific data and are borne of the global scientific climate consensus.

Sincerely,



Nicholas Occhipinti, Michigan League of Conservation Voters