



Members of the Senate Energy and Environment Committee,

On behalf of the undersigned organizations, representing thousands of businesses and employers throughout the state of Michigan, we would like to express our strong concerns with the approach and direction of the Senate climate package, particularly Senate Bills 271, 272, 273, 274 and 276.

This coalition recognizes that climate change is a major challenge to our national, regional, and state economies that must be addressed. It is critical that the business community is engaged and informed on climate change policy discussions at all levels to ensure these policies are both results-oriented and bolster economic growth. State policy in this arena needs to work for all communities, rural, suburban and urban, as well as the business community to ensure that a more sustainable future is also a more prosperous one for all communities. We believe that through deliberative collaboration with diverse stakeholders, solutions towards meaningful carbon reductions can be achieved.

Our members are dedicated to being good stewards of their community and their environment. Many of them, across industry sectors, have made commitments towards achieving carbon-neutrality, utilizing data driven pathways to do so. When considering policies to encourage Michigan's clean energy transition, we support the following principals in addressing climate change and the path towards a low carbon future:

- 1) **Promote Equity, Reliability and Affordability:** Policies to address climate change must be transparent and promote affordability while distributing costs and benefits equitably. This also means preserving and strengthening reliability in a cost-effective manner.
- 2) **Predictable and Transparent:** Policies should ensure our energy transition effectively addresses the state's energy needs, is durable and consistent, supports economic development efforts and is in the best interest of Michigan's energy customers.
- 3) **Outcome Based:** Policies must leverage established methodologies that achieve emissions reduction outcomes, not aspirational goals or specific technologies. Regulatory



approaches should be clear and prudent, utilizing cost-benefit analysis, economic impacts or other tools.

- 4) **Market Driven:** Solutions that are economically feasible and technologically reasonable will help address unintended consequences and transition our economy away from carbon dependence. It is critical that policies be viewed through regional, national and global lenses and are balanced with a holistic view of the state's needs.
- 5) **Invest in Innovation and Diversification:** A diverse mix of the state's energy generation portfolio is an important part of maintaining energy reliability. Investment into research, development, and deployment of infrastructure that supports low and zero carbon solutions to manufacturing, energy production and transportation, including energy storage, advanced nuclear and carbon sequestration technologies, should be studied.

Unfortunately, these bills as currently written do not reflect the principles outlined above. If enacted, they have the potential to wreak havoc on Michigan's economy and the power grid, negatively affecting millions of residents and businesses. Now more than ever, Michigan's ability to attract new investment and jobs depends on access to clean, affordable and reliable energy. Without a clear and rigorous pathway for ensuring that clean energy policy can meet the needs of Michigan's energy customers, we are concerned that these bills will result in significant unintended consequences, present enormous challenges to energy reliability and affordability in this state, and put us out of step with other states and countries we compete with every single day. These bills will also disproportionately affect small businesses and small to mid-sized manufacturers who rely on affordable and reliable energy in order to operate.

It is also important to note that significant regulatory mechanisms go unaddressed in these bills. For example, it is unclear how this package interacts with Michigan's current regulatory model, particularly the Integrated Resource Portfolio (IRP) process. The IRP process, created through the enactment of the 2016 energy code re-write, ensures a deliberative and robust process for the Michigan Public Service Commission to approve renewable and clean energy investments by utilities. The bills before us today lack any clear regulatory pathway for achieving greater renewable energy generation goals, and simply speaks to the goals themselves. This creates a great deal of uncertainty as to how these goals are to be implemented, let alone accomplished.



Additionally, the bills do not address a number of important policies that are fundamental in achieving a sustainable energy future. Carbon capture and carbon offsets are likely to be important pieces of the decarbonization puzzle in Michigan – and yet are not addressed in this bill package. The package calls for the deployment of many thousands of megawatts of renewable energy, but do not address the issue of permit and siting reform for renewable energy systems, a regulatory barrier that has all but crippled the ability of developers to site renewable projects right now under the currently regulatory system. The bills do not create a framework of off-ramps for shuttering the many energy generation technologies that, under this legislation, would be banned by 2035, nor how the early retirement of these assets would be amortized. Because the tools in the decarbonization toolbox will continue to evolve over the coming decades, the State should maintain flexibility in its regulatory approach utilizing a cost-benefit analysis to grid technologies. These bills take a myopic approach that picks clear winners and losers over the coming years, without the ability for regulators to properly account for the needs of energy customers.

With proper leadership, and in cooperation with the business community, constructive reforms can be realized that move the economy towards a more sustainable future. We respectfully request that the business community participate in future stakeholder proceedings in order to provide constructive feedback on how we move the state towards a more sustainable future that is also a more prosperous one for Michiganders to live, work and play.