



michigan league of
conservation voters

DATE: March 10, 2014

TO: Members of the Senate Committee on Energy and Technology

FROM: Jack Schmitt, Deputy Director
Michigan League of Conservation Voters

RE: Testimony in Support of Increasing Renewable Energy and Energy Efficiency in Michigan

On behalf of our network of almost 90,000 statewide members, the Michigan League of Conservation Voters would like to express our support of increased energy efficiency and renewable energy in Michigan. It has become clear that expanding Michigan's production of energy efficiency and renewable energy is a reliable way to move Michigan's economy forward. Because of this, the Michigan League of Conservation Voters urges you to work with public utilities, organizations, and business leaders to develop effective energy policy that will decrease consumer costs and benefit our public health, air and water.

Energy Efficiency

Since the enactment of Michigan's current energy efficiency measure, energy efficiency has proven to be a cost-effective measure that decreases customer rates and reduces energy waste. Strengthening our state's energy efficiency standard is a common-sense step that will benefit both consumers and businesses, and will decrease our dependence on out-of-state coal imports.

A report released by the Michigan Energy Office Michigan shows that Michigan is on track to surpass its current energy efficiency goal that was set forth in PA 295 of 2008. The report also indicates that the energy efficiency standard has been immensely successful - for each dollar invested in energy efficiency, customers see approximately \$4 in avoided energy costs.

A more recent report on energy efficiency released by the Michigan Public Service Commission (MPSC) shows that energy efficiency programs have save customers \$1.2 billion in the first three years under Michigan's current energy efficiency standard, and it is estimated that this will increase to a cumulative \$2.5 billion by 2015. Michigan currently has the highest electricity costs in the Midwest. Energy efficiency has already started to bring these costs down. If this trend continues, it will potentially make Michigan a major player in the energy sector.

Renewable Energy

Michigan's current renewable energy standard is driving down the high cost of electricity and generating significant investment in our state. It is crucial that we take action to ensure that our use of renewable energy will not only continue, but increase once we reach the 2015 sunset for our current renewable energy standard. The facts show that not doing so would clearly be a missed opportunity for Michigan.

An annual report released recently by the MPSC shows that Michigan is well on its way to meeting, and potentially surpassing the 2015 goal of 10% renewable energy. It shows that the weighted average cost of renewable energy projects is \$78.39 per megawatt-hour (MWh) versus \$133 per MWh for coal-powered projects. Wind energy continues to be the leading source of renewable energy in the state, yielding the most cost-effective rate of investment of \$50 to \$59 per MWh. The MPSC estimates that since Michigan's renewable energy standard was passed in 2008, more than \$2.2 billion has been invested in our state's economy.

This favorable report from the MPSC comes on the heels of a report released by the Michigan Energy Office that shows Michigan is capable of increasing its renewable energy standard to 30% or more by 2035. Nearly 30 other states have stronger renewable energy standards than Michigan, but this report shows that Michigan is uniquely positioned, not only to compete with other states, but to become a leader in the renewable energy sector.

Michigan's renewable energy standard is a success story of a cost-effective policy that protects our state's natural resources, improves public health and saves Michiganders money on their monthly energy bills. The facts strongly and clearly show that expanding our use of renewable energy is the right choice for our state, and thus, the Michigan League of Conservation Voters supports increasing our renewable energy standard.

Energy efficiency and renewable energy have already generated cost savings in Michigan, while at the same time, reducing air and water pollution. These are winning industries that will lead Michigan in the right direction. Several studies have shown that Michigan now has the capacity to increase energy efficiency and renewable energy, and the Michigan League of Conservation Voters believes that now is the time to act. We cannot miss out on the substantial investment these industries will bring to our state.

Thank you for your consideration.

Sincerely,



Jack Schmitt
Deputy Director, Michigan League of Conservation Voters