



Comments of Kent Wood
Director of Government Relations
Northern Michigan Chamber Alliance
Senate Energy and Technology Committee
April 28, 2016

Good afternoon Chairman Nofs and members of the committee,

My name is Kent Wood and I am the Government Relations Director for the Northern Michigan Chamber Alliance, a partnership of chambers of commerce for the Alpena area, Benzie County, the Cadillac area, the Charlevoix area, the Gaylord area, the Petoskey region, the Traverse City Area and the Lake Superior Community Partnership in Marquette county.

Our Chamber Alliance is built on the premise that many issues facing our member-businesses are regional in nature. We are the voice of 6,500 plus businesses in Northern Michigan, over 95% of which have less than ten employees.

While we have not taken any formal position yet on the recent substitute language, we appreciate the opportunity to give our perspective on certain energy issues of interest in northern Michigan.

Future electric capacity and reliability

We have serious concerns about the future of electric generation capacity in our state, and the corresponding impact that will have on electricity markets, especially in northern Michigan.

In the Midwest, most electricity is generated by a fleet of aging coal-fired power plants. The same is true in Michigan. With the EPA's new proposed regulations on emissions, we understand that many of these plants are being or have been closed, with no immediate plans for fully replacing that production. We have genuine concerns about what this is going to do to the cost and reliability of

serving electric needs in northern Michigan. Any new baseload generation seems to be coming primarily in the form of natural gas, which also has a history of sizable price fluctuations.

We believe more Michigan based generation is critical for cost and reliability in northern Michigan. We believe new, local generation is important especially considering an electric capacity shortfall scenario like the one potentially on our energy horizon. Setting policies that help us meet this capacity shortfall in-state could pay dividends for creating stable electric costs and reliability in the future.

We would love to see a system that fairly balances the benefits of reduced electric costs without putting the burden on smaller customers to subsidize that loss, and giving incumbent utilities more certainty in their customer base to be able to make long term power generation investments.

We are happy to see that Sen. Nofs' bill maintains the Retail Open Access program at 10%, and allows those customers currently in the system to maintain their program or place in line, while also providing protections for small business – the vast majority of our members – and residential customers from paying for the loss of larger customers to the ROA program.

We also believe that alternative energy suppliers should be helping to provide baseload energy generation in Michigan to help grow Michigan's capacity. Wolverine Power Cooperative in northern Michigan is a great example of a utility and alternative supplier that provides local jobs and power generation, and is currently investing millions in a natural gas plant in the Gaylord area. The economic impact of this project has been eye popping in the short term, and will provide much needed reliable capacity over the long term. Truly a win-win for northern Michigan.

In conclusion, I cannot state strongly enough how much we appreciate the time and effort that has gone into producing this important bill package. Given our rural nature and the fact that the majority of our businesses are small, we want to again emphasize the importance of reliability for our members.

We know there is still a ways to go in this process, but believe the bills before you put the state on the right path towards an energy future that is equal parts reliable and affordable.

Thank you again for the opportunity to share our thoughts.