

Theme: Michigan Renewable Energy Mandate

ID Letter: Z

Original Questions:

1. Are we getting "sucked into" a big surge of activity that has to do with MI's law requiring 10% of energy to come from alternative sources? If this law didn't exist, would we be moving in this direction with confidence? **Value judgment.**
2. How much of state mandate for renewable energy has been met? **See response below.**
3. In meeting the 10% renewable energy by 2015 Michigan mandate, is the required 10% renewable energy to be measured as the rated capacity of the source, or the actual net production output? **See response below.**
4. Does state law require that townships allow wind energy (i.e. industrial)? **See response below.**
5. Why should Michigan be asked to produce so much energy (more than Michigan itself needs)? **Value judgment.**
6. How can the state require large wind developments not have any accompanying legislation to protect its citizens? **Value judgment.**
7. Can a community/township develop its own renewable energy program to meet the mandates which may or may not include wind? **See response below.**
8. Is renewable energy generation required by the state of Michigan? Relative to the rest of Michigan, do Benzie and Manistee counties contain a good source of wind energy? Do Benzie and Manistee Counties have a competitive advantage in this area that it could use to create a new industry and jobs? **See response below.**

Questions and Responses:

These questions may have been recategorized and reorganized. Some may have been sent to another "theme" area (this will have been explained in red under the "Original Questions" section). In other cases two or more questions will be answered with one response.

Z2. How much of state mandate for renewable energy has been met?

Response: The February 2011 "Report on the Implementation of the P.A. 295 Renewable Energy Standard" provides this information. Electric providers are directed by the Act (MCL 460.1051(1)) to file annual reports for each plan year beginning with 2009. The first set of Michigan electric provider annual reports were filed during 2010 covering calendar year 2009. According to the Public Utilities Commission, based on the data provided for the 2009 calendar year, the renewable energy percentage is 3.6 percent. This is an increase from 2.9 percent in 2007 which was the most recent year this data was compiled. The report states that "Michigan's electric providers are on track to meet the 10 percent renewable energy requirement. The renewable energy standard is resulting in the development of new renewable capacity and can be credited with the development of 700 MW of new renewable energy projects since the Act became law". The following website provides links to each electric provider's renewable energy plan http://www.michigan.gov/mpsc/0,1607,7-159-16393_53570-240176--,00.html

Z3. In meeting the 10% renewable energy by 2015 Michigan mandate, is the required 10% renewable energy to be measured as the rated capacity of the source, or the actual net production output?

Response: According to the Michigan Public Service Commission, compliance with the renewable energy standard is demonstrated through the use of renewable energy credits (RECs) and through bonus credits. One renewable energy credit is created for each megawatt-hour (MWh) of renewable energy generated. The state also provides bonus credits as a form of subsidy. These bonuses allow generators to claim more

RECs than they actually generate (10% bonus for using local labor; 10% bonus for a system built in Michigan; 20% for sending the power to a pump storage facility).

See the February 2011 “Report on the Implementation of the P.A. 295 Renewable Energy Standard” for information about the renewable energy plans filed by electric provider toward meeting the renewable energy standard requirements. This is available at http://www.michigan.gov/documents/mpsc/Report_on_Implementation_of_PA_295_RE_Standards_and_Cost_Effectiveness_of_Standards_345871_7.pdf

Z4. Does state law require that townships allow wind energy (i.e. industrial)?

Response: There is no express requirement in state law that townships allow wind energy. However, although townships can regulate wind energy through carefully evaluated and adopted land use plans and ordinance provisions, it is possible that there are certain types of local wind energy regulation that would not be permitted by state law. For example, any township zoning regulation is subject to the limitations described in the response to question D1, including a potential exclusionary zoning challenge, and the township cannot regulate in a manner that directly conflicts with state law or in a manner that is pre-empted by detailed state legislation in that same area.

Z7. Can a community/township develop its own renewable energy program to meet the mandates which may or may not include wind?

Response: The mandates refer to electricity generating utilities in the state. Communities and townships can certainly develop renewable energy and efficiency programs, and they may receive support from local utilities to do so.

Z8. Is renewable energy generation required by the state of Michigan? Relative to the rest of Michigan, do Benzie and Manistee counties contain a good source of wind energy? Do Benzie and Manistee Counties have a competitive advantage in this area that it could use to create a new industry and jobs?

Response: In 2008, Michigan created a renewable portfolio standard for energy production, mandating that 10% of Michigan’s electricity be generated from renewable sources by 2015. See questions Z2 and Z3 for information about impacts of the Act. In general, Michigan has been identified as having significant wind resources. In particular, Manistee and Benzie Counties have been identified as “having the largest potential” for wind energy by the Michigan Wind Energy Resource Zone Board because of wind speed, terrain, and other environmental factors. This makes these counties attractive for wind development. One of the potential benefits from wind energy development is job creation, and because Michigan has a large manufacturing base, many hope that wind energy will generate new jobs for the state. See thematic section N on “Economic Impacts” for more information about jobs.

It is important to note that there is conflicting data about the net economic impact of “green jobs”, given federal and state subsidies for those industries. One critical study of the impact of new “green jobs” was prepared by Andrew et al. See the document “Green Jobs Myths” (U Illinois Law & Economics Research Paper No. LE09-001.) This is stored in the AES document repository.