

LEGISLATIVE
TESTIMONY

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Michigan's Blackout Bills

Senate Energy and Environmental Committee

Opposition to Senate Bills 271, 272, 273, 274, 275, 276, and 277

Senate Bills 271-277 are Michigan's blackout bills.

I offer this testimony on behalf of the Energy and Environmental Policy Initiative at the Mackinac Center, a nonprofit research and educational institute that advances the principles of free markets and limited government. Through our research and education programs, we challenge government overreach and advocate for a free-market approach to public policy that allows people to realize their potential and dreams.

The Mackinac Center submits this testimony in opposition to Senate Bills 271-277. There are several reasons why this legislative package on energy is bad policy. The bills mandate unreliable, increasingly expensive energy sources that will also impose an increasing burden on the natural environment through much greater use of land and metal/mineral resources.

The costs associated with this bill package expose Michigan residents to massive increases in electricity rates, decreasing electricity reliability, and substantial likelihood of extended blackouts. The impacts of increasing costs and decreasing reliability will impact those already living in a state of energy poverty the hardest.

Early results of modeling being completed for the Mackinac Center by The Center of the American Experiment reviewed the costs of the proposed transition to zero-carbon sources by 2035, as would occur under SB 271-277. This modeling indicates that the plan to rapidly retire fossil fuel-powered electricity generation and power the state with wind, solar, battery storage, and existing nuclear plants will impose staggering costs on Michigan residents.

The renewable energy plan proposed in the SB 271-277 bill package will impose additional costs of \$124.3 billion on the state through 2035 – increasing to \$385.7 billion through 2050 – and would lead to extensive shortfalls in electric capacity. Modeling predicts extended electric system instability and blackouts as long as 61 hours during the winter months of January and February.

In comparison, a plan that retains Michigan's existing large coal and natural gas plants, fitting them with carbon capture and storage, and that builds new nuclear capacity would only add \$34.2 billion in costs through 2035 and \$205.9 billion through 2050. While still expensive, this far more reasonable and prudent plan would meet the Governor's carbon dioxide reduction goals, while saving Michigan

residents \$90.1 billion in costs through 2035 and \$179.8 billion through 2050. Additionally, this plan would not result in capacity shortfalls or blackouts and would maintain reliable electric service across the state.

Mackinac Center modeling is not the only source predicting shortages and blackouts as a result of the rushed closure of reliable and affordable fossil and nuclear generation facilities and equally rushed buildouts of wind, solar, and battery resources. Electric producers and grid regulators at the Midcontinent Independent System Operator, the North American Electric Reliability Corporation, PJM, the Federal Energy Regulatory Commission, and others are loudly warning that the North American electric grid, including Michigan's electric grid, is becoming increasingly unstable.

- **David Tudor, CEO of Missouri-based Associated Electric Cooperative Inc.:** “It is critical that policymakers recognize the need for adequate time, technology development and new transmission infrastructure before taking our nation down an energy path that prioritizes speed over successfully keeping the lights on. Lawmakers must support policies that include all energy sources to maintain reliability and affordability. **Rolling blackouts cannot become the new normal.**”¹
- **Federal Energy Regulatory Commissioner Mark Christie:** “The arithmetic doesn’t work. This problem is coming. It’s coming quickly. The red lights are flashing. ... **The United States is heading for a very catastrophic situation in terms of reliability.**”²
- **Federal Energy Regulatory Commissioner James Danly:** There is a “**looming reliability crisis in our electricity markets.** ... FERC has allowed the markets to fall prey to the **price distorting and warping effects of subsidies** and public policies that have driven the advancement of large quantities of intermittent renewable resources onto the electric system.”³
- **FERC Acting Chairman Willie Phillips:** “We face **unprecedented challenges** to the reliability of our nation’s electric system.”
- **National Electric Reliability Corporation, “2022-2023 Winter Reliability Assessment”:** “A large portion of the North American [bulk power system] is **at risk of insufficient electricity supplies** during peak winter conditions.”⁴
- **Jim Robb, CEO of NERC:** “The **disorderly retirement of older generation is happening too quickly.** ... Electric sector...needs to find ways to balance reliability, affordability, and environmental impact. We get into trouble when we overemphasize one of those three... They all need to be thought of in tandem. World is becoming so much more dependent on electricity that even a moment without power is a real problem for people.”
- **“Energy transition in PJM” report:** Discusses the “**increasing reliability risks during the transition**” from fossil and nuclear to wind and solar. “Retirements are at risk of outpacing the construction of new resources” While, “multiple megawatts” of wind and solar are needed

to replace a single megawatt of traditional fossil and nuclear generation.⁵

- **Midcontinent Independent System Operator:** MISO has issued multiple warnings over the past few years that portions of their operating area “have an **increased risk of needing to implement temporary, controlled load sheds.**” The organization warned that their 2022-2023 Planning Resource Auction results “reflect capacity shortfalls” and pointed to the fact that “accredited capacity has decreased **due to thermal retirements and the increasing transition to renewables**” as the key problem.

The above quotes are only a small sample of the growing number of warnings coming from grid managers, federal regulators, utility executives, and other energy experts that the rushed transition to renewable energy is endangering the nation’s electric grid.

Our economy relies on steady and predictable electric service from utility providers. The growing threat of regular planned and unplanned failures in that service represents a direct threat to both our economy and to the health and well-being of Michigan residents.

For this reason, we urge Michigan legislators to reject this bill package as both unnecessary and dangerous. As Mackinac Center modeling shows, there are effective means of protecting human welfare, as well as environmental and economic health.

Synopsis of Senate Bills 271-277

SB 271: Among other requirements, this bill would require electricity providers to meet 15% of their electric supply from renewable sources through 2029, 60% through 2034, and 100% by 2035.

SB 272: Requires an electric utility integrated resource plan to “make progress toward the elimination of GHG emissions from power generation in this state or for import into this state by 2035.” The bill also requires an IRP to “make progress” toward reducing impacts of electric generation on human health and to reduce harms to individuals in “environmental just communities.”

SB 273: Requires an electric provider’s energy waste reduction plan to meet a 2% reduction standard. To review EWR plans every three years after 2025.

SB 274: Requires the Department of Licensing and Regulatory Affairs to propose and implement a Construction Decarbonization Strategic Plan to achieve zero building greenhouse gas emissions in new construction after 2026.

SB 275: Establishes a Low Carbon Fuel Standard and requires the Department of Environment, Great Lakes, and Energy to implement a carbon credit trading market. All transportation fuels would be required to have a CO2 intensity of 25% below 2019 values by 2035.

SB 276: Prohibits coal-fired electric generation in the state after 2030.

SB 277: Allows farmland protected under P.A. 116 to be leased for up to 90 years for use as a solar generation facility. While used for solar, the P.A. 116 tax credit is deferred.

¹ <https://www.energy.senate.gov/hearings/2023/6/full-committee-hearing-to-examine-the-reliability-and-resiliency-of-electric-services-in-the-u-s-in-light-of-recent-reliability-assessments-and-alerts>

² <https://www.utilitydive.com/news/ferc-grid-reliability-senate-energy-hearing/649523/>

³ <https://www.utilitydive.com/news/ferc-grid-reliability-senate-energy-hearing/649523/>

⁴ https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_WRA_2022.pdf

⁵ <https://www.pjm.com/-/media/library/reports-notices/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx>

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The Mackinac Center for Public Policy is dedicated to improving the understanding of economic principles and public policy among private citizens and public officials. A nonprofit and nonpartisan research and education institute, the Mackinac Center has grown to be one of the largest state-based think tanks in the country since its founding in 1987.

Additional information about the Mackinac Center and its mission to improve the quality of life in Michigan through sound public policy can be found at www.mackinac.org.

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