



# Michigan Conservative Energy Forum

Senate Energy and Technology Committee Testimony  
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## **LARRY WARD:**

Good morning, Chairman Nofs, Vice Chairman Proos, Minority Vice Chairman Hopgood and committee members.

I'm Larry Ward, Executive Director of the Michigan Conservative Energy Forum. Joining me are two members of our Leadership Council – CEO of Crystal Mountain, Jim MacInnes; and Christian Coalition of Michigan Chairman, Keith den Hollander. You will hear from both of them momentarily.

The Michigan Conservative Energy Forum was launched in December of 2013 – by conservatives, for conservatives – to inform the clean energy discussion in Michigan.

As conservatives, we care deeply about our state – energy policy is key to every aspect of our future.



The Michigan Conservative Energy Forum strongly supports growing the state's commitment to clean energy. This is a critical time – and the work you all are doing to create the next generation of Michigan's energy policy will, in many ways, define the world our children and grandchildren will inherit from us. As conservatives, we believe this issue is too important for us to remain on the sidelines – so we are grateful for the opportunity to testify today.

Entrepreneurs in the state are creating innovative solutions to energy issues, and at the same time transforming our economy. Whether its solar shingles built by Dow in Midland, or Wind Turbine parts fabricated by Ventower in Monroe, or the jobs created through increased activity at the port of Muskegon – Michigan clean energy businesses are here now.

In fact, according to a report by Environmental Entrepreneurs, Michigan currently ranks 4<sup>th</sup> in the nation in clean energy jobs, adding 3600 jobs in 2014 alone. These aren't projected or hypothetical jobs. These jobs are in every community in every corner of Michigan – and I'm very pleased that you are hearing from some of those folks today. They are your constituents.

The Michigan Conservative Energy Forum strongly supports the vision offered by Governor Snyder for a no-regrets energy policy that ensures reliability, affordability and adaptability – while protecting our environment.



We are committed to this vision and grateful to have had the opportunity to work with Chairman Aric Nesbitt and the House Energy Committee, and to serve on Senator Nofs' Energy Workgroup.

Now, it's with great pleasure that I introduce one of the Michigan Conservative Energy Forum's outstanding Leadership Council members – Keith den Hollander, Chairman of the Christian Coalition of Michigan.



## **KEITH DEN HOLLANDER**

Thank you, Larry.

Good morning Chairman Nofs, Senators.

Thank you for allowing me to testify before you today on the importance of strong, enforceable Clean Energy Policy.

For over a quarter of a century the Christian Coalition, one of the largest non-profit organizations in the United States, has been a voice for families of faith across the country. Here in Michigan we have never stopped promoting the ingenuity of our citizens to succeed, opportunities for our children to dream bigger, and the power of prayer to bring about positive change.

The Christian Coalition has spoken out on a number of issues important to our members in Michigan – in fact, I’ve met with many of you in our efforts to protect and defend traditional Christian values.

One of our fundamental issues is energy independence and security. Being mindful of God’s creation, and protecting the future of our children and grandchildren is pro-family, and as we contend, pro-life. Further delays in action will impact our national security, our economic security, and our family security.



First, National Security.

According to the CNA Military Advisory Board, 10 percent of all casualties suffered in the Afghanistan and Iraq Wars tragically occurred through transporting fuel or protecting fuel lines. As a result, no one has been more aggressive in the pursuit of sound clean energy solutions than our military. The Department of Defense directly spends roughly \$20 billion per year on energy – and that number doesn't include the billions more being spent through contractors both domestically and abroad. The Department of Defense consumes more energy than most nations. \*

To protect lives as well as tax dollars, the Department of Defense has been transforming military installations from coast to coast in pursuit of Net Zero Energy policy. Right here in Michigan, at Fort Custer in Battle Creek, the Michigan National Guard has just installed a solar array consisting of 780 panels generating over 250 kilowatts of power. That improvement, along with additional renewable upgrades, will provide one third of the base's electricity needs.

Next, Economic Security. Collectively, we spend a lot on energy. And as long as we do, we are subject to global economic markets and the fluctuating cost of commodity fuel stock. We control neither the market nor the prices, nor energy-producing nations hostile to the American way of life.



Today's reality is that global conflicts are more frequently economic battles. The less energy we use, and the more we can do to generate home grown power, the more secure our communities here in Michigan and across America.

Finally, Family Security. Michigan residents, and even Michigan conservatives, believe we need to move towards an "All of the Above" energy mix. A recent survey commissioned by the Christian Coalition showed that 84 percent of Michigan voters support doubling the state's renewable energy use over the next seven years, and 90 percent want Michigan to expand our current energy efficiency program.

On behalf of the Christian Coalition's 120,000 Michigan members, I urge you to consider the following recommendations:

First, do not reduce the state's commitment to Energy Efficiency. To conserve is conservative – consistent even with my West Michigan Dutch sensibilities. The less ratepayers have to pay and the less reliant they are on the utilities, the more money they will have to pay bills and to support their families. And, speaking partially from self-interest, a 10 percent reduction in energy costs would allow those families to increase tithing to their church – or donate to their local Christian Coalition chapter. See, a win-win.



Second, assuming that Michigan remains a regulated energy market, the sector will continue to be dominated by the state's two largest utilities – and they will be chiefly responsible for executing your policy. As virtual monopolies, there is no inherent incentive to respond to the marketplace – they need only respond to those who establish their rules and those who enforce them.

That's why rates in Michigan are through the roof. And why, even though nine in ten Michiganders want more energy from renewable sources, it's only 10 percent of the mix. I love our utilities, they help to power our economy, and none of this should be taken as criticism – but they didn't win their monopolies or market share through competition in the marketplace and responsiveness to consumers – they were given monopolies by you, the Michigan legislature. And that can work, but only if you define the regulated marketplace and set a course for positive change. Our energy future, and our energy independence, depend on you.

This issue is so important to the Christian Coalition because energy is pro-life. It improves the health of all our citizens, especially the most vulnerable, and improves quality of life for our families. And, the more energy we conserve, the less frequently we are involved in foreign wars, and the fewer of our sons and daughters who will lose their lives in those conflicts.



I thank you for your time.

Now, I will turn the microphone over to my fellow Michigan Conservative Energy Forum Leadership Council Member, Crystal Mountain CEO Jim MacInnes. Jim...





## **JIM MACINNES**

Thank you, Keith. And thank you Mr. Chairman – and esteemed Committee Members.

As Keith mentioned, my wife and I co-own and operate Crystal Mountain resort in Thompsanville. In addition to being among the largest energy users in Benzie County at over \$1.2 million dollars a year, we're also one of the largest employers in the Grand Traverse Region, employing up to 650 people.

Energy is important to our business – and to businesses large and small across Michigan. Whether you run a resort or a restaurant or a retail shop – the principles are the same. Lowering costs is good for business – and it's good for our customers. Senators, I'm here today because SB 438 is not good enough for business or for ratepayers.

As Keith mentioned and as you know, energy rates in Michigan are out of control – among the highest in the region and the nation. High energy prices are like a tax. They act like an annuity stream of cost, which reduces the financial resources available for Michigan businesses and families. In the case of a business, these extra costs may prevent investment in needed capital equipment, and reduce their ability to create jobs. For example, an extra \$1000 in monthly electricity costs is the equivalent of financing a piece of new equipment worth over \$100,000



As one of Cherryland Electric's largest customers, last December I was able to sit down with their top leaders to plan rates. I was told that because of increased wind production, reduced coal generation and new natural gas combined cycle plant – that my rates are expected to remain about the same for the next five years and maybe even longer. Because Cherryland is not regulated, and therefore does not have a guaranteed rate of return for investing in new power plants, we can have these kinds of conversations – conversations the incumbent electric utilities are not having often enough with businesses like mine. That's why we need interveners like the Utility Consumer Participation Board.

Even though I'm here today representing businesses in Michigan, I am also an appointee of Governor Snyder to the UCPB – currently serving as its Chairman. The UCPB provides grants to qualified applicants representing residential utility customers before the Michigan Public Service Commission. Funding is generated through annual assessments of certain regulated utilities. As the only sanctioned organization in Michigan advocating for ratepayers, we try to help individuals like you or me who are taking on multi-billion dollar energy companies with corporate lawyers and boundless amounts of money.



The PSC enforces the rules – but you, the Michigan legislature make them. We need ratepayer protection – both business and residential. The UCPB, through its intervention in rate cases, has saved Michigan ratepayers millions – and in even some cases, even tens of millions of dollars. To protect Michigan residents, it is imperative that you expand UCPB’s scope of intervention and funding.

As the writers of the utilities’ rulebook, you are responsible for assuring fairness and establishing a level playing field. I congratulate you on the draft bill – but I would like to offer two recommendations today:

First, the RPS – Keep the standard, and remove obstacles for residential and commercial renewable power producers in the marketplace.

Second, energy efficiency is the cheapest, cleanest and most reliable form of energy. Utility spending to eliminate energy waste should not be artificially or arbitrarily capped. In fact, efficiencies should also be applied to the entire system. Because for every unit of energy received by a consumer, 3-4 units are required to generate and transmit that energy – and most of the difference is waste. Using less reduces strain on the entire system, reduces the need to build expensive new power plants and transmission lines, and lowers rates for all customers.



Energy efficiency programs aimed at reducing energy waste cost utilities only about three cents per kilowatt-hour. Generating the same amount of electricity from sources such as fossil fuels can cost two to three times more.

Again, thank you for the opportunity to testify today. I look forward to working with each of you in the days and weeks to come.



## **LARRY WARD:**

Thank you, Jim. And thank you, Keith.

To summarize our testimony, here are some specific changes we'd like to see made to SB 438:

We must continue to grow Michigan's energy efficiency programs through an expansion of the current standard, and an improvement on current language in SB 438 for on-bill financing. We can meet 15 percent of our energy needs by 2025 just by eliminating energy waste, but only if the phase out of the energy standard is eliminated and barriers like caps removed.

On Distributive Generation, you have already heard considerable testimony so we won't belabor it here. However, we agree that the current system is, in fact, flawed from a production perspective. For residential and independent power producer alike, wholesale rates are neither fair nor competitive. Removing Net Metering requires people to sell their self-generated power exclusively to the utility companies, and then that same homeowner is forced to purchase energy back from the utility. Meanwhile, the utility gets to set both the rates for the energy they purchase, and the energy they sell. It's a big winner for the utility companies, but it's a losing formula for ratepayers.



Finally, keep the RPS. Eliminating it is unnecessary from a policy perspective, but necessary to prevent significant damage to our economy. Eliminating the 10 percent RPS will be devastating to our clean energy sector's thousands of businesses and jobs.

The work you are doing is critical – and on behalf our membership and Leadership Council – we thank you. However, it is our view that SB 438 does not go far enough to protect and expand renewable energy and energy efficiency in Michigan. We look forward to continuing our work together, and when hearings are held on SB 437, we would be grateful for the opportunity to again testify – and then work together to further define the Integrated Resource Planning approach, to ensure that all of our clean energy goals are met.

Thank you, Senators, for allowing the Michigan Conservative Energy Forum to testify today. We look forward to continuing the conversation, and working together to achieve an “All of the Above” solution to Michigan’s energy future.

We’d be happy to answer any questions.

\* FY 2012, Source: US Department of Energy

\*\* Source: American Council for an Energy Efficient Economy (ACEEE)