



Written Testimony from the Michigan League of Conservation Voters

Re: HB 4007 and HB 4283 – Concerns Regarding Long-Term Energy Planning and Affordability in the Upper Peninsula

Dear Chair and Members of the Committee,

Thank you for the opportunity to provide written testimony regarding House Bills 4007 and 4283. The Michigan League of Conservation Voters appreciates your commitment to addressing energy challenges in the Upper Peninsula and shares the goal of ensuring reliable, affordable power for residents and businesses alike.

As written, these bills raise several concerns about long-term energy affordability, public oversight, and the integrity of Michigan's energy planning framework. We respectfully urge a careful and deliberate revision of these proposals, particularly in light of their potential to override established regulatory processes and sideline critical public and expert input.

Energy Planning Should Be Led by Experts, Guided by Public Process

Michigan has a nationally recognized process for energy planning, led by the Michigan Public Service Commission (MPSC), which ensures reliability and affordability through evidence-based Integrated Resource Plans (IRPs) and Renewable Energy Plans (REPs). These processes are designed to evaluate multiple options, balancing cost, environmental impact, and reliability.

UMERC, the utility impacted by these bills, is expected to file its next IRP in October 2025. That proceeding provides a transparent forum for considering energy solutions specific to the UP—including gas generation—based on current needs and expert analysis. The current legislation proposes to bypass that process, effectively substituting legislative action for an open regulatory review.

The Definition of Clean Energy Matters

The bills in question would allow the continued use of methane gas from thirteen fossil fuel generators to count toward Michigan's clean energy targets. While we recognize the historic role these facilities have played in ensuring reliability, it is important to acknowledge that methane gas—while often referred to as a bridge fuel—still emits greenhouse gases and does not meet the scientific threshold for renewable energy.

Michigan's 2023 Clean Energy and Jobs Act already provides utilities with flexibility through compliance extensions and offramps, should challenges arise in meeting targets. There is no immediate regulatory

requirement forcing the shutdown of UP methane gas generators, and we encourage lawmakers to allow the MPSC's planned proceedings to evaluate the best path forward.

Affordability Is a Shared Priority—But Ratepayer Protections Are Lacking

Many Upper Peninsula residents face some of the highest electricity rates in the Midwest. Unfortunately, the legislation does not provide mechanisms to reduce these costs or require independent analysis of projected rate impacts.

For example, in 2024, UMEREC requested an \$11.2 million electric rate increase in 2024, including a proposed 10.25% return on equity—the highest in Michigan. The MPSC ultimately reduced the allowable increase by 50% after the Attorney General intervened. This outcome underscores a concerning pattern: without strong regulatory oversight, utilities may overstate their financial needs in ways that prioritize shareholder returns over ratepayer affordability.

We believe any legislation focused on the UP's energy future should include robust ratepayer protections and consider shared contributions from all stakeholders, including large industrial users and corporate shareholders, many of whom are located out of state.

Michigan Is Leaving Federal Clean Energy Funds on the Table

At a time when state residents face energy affordability challenges, Michigan has yet to appropriate over \$129 million in federal clean energy funds. These dollars are intended to lower costs for families, modernize infrastructure, and expand access to cleaner, more reliable energy options.

To date, initial grant dollars have supported projects in three UP communities and six communities above the 45th parallel. Delaying further investment—while advancing legislation that may increase long-term reliance on fossil fuel infrastructure—risks missing an opportunity to deliver real cost savings and jobs to Northern Michigan.

Conclusion

We respect the concerns of Upper Peninsula communities and agree that energy reliability must remain a top priority. However, we believe HB 4007 and HB 4283 could unintentionally sidestep the very tools designed to protect those communities—namely, the independent, transparent energy planning process overseen by the MPSC.

We encourage the Committee to carefully weigh the long-term impacts of these bills and consider whether further stakeholder engagement and analysis are warranted before moving forward. The residents of the Upper Peninsula deserve solutions that are affordable, science-based, and accountable to the public.

Thank you for your time and consideration.