



2. ENERGY POLICY: Mich. governor plans to limit coal plants, promote renewables (02/04/2009)

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Michigan Gov. Jennifer Granholm (D) put her state's electric utilities on notice last night that they must wean themselves from fossil fuels within 10 years and generate power with new, cleaner technologies.

Her State of the State address called for a 45 percent reduction in coal-, gas- and oil-fired power by 2020 -- a directive aimed at unleashing innovation and job creation in the renewables and energy efficiency sectors.

"The demand for wind and solar power in this country is about to explode," Granholm told a joint session of the Michigan Legislature in Lansing. "As the nation's demand for renewable energy goes up, so too does the demand for the technologies and products that are critical to the new energy industry. We will seize upon this surging demand for renewable energy to increase the supply of good-paying jobs in Michigan.

"Instead of spending \$2 billion a year importing coal or natural gas from other states," Granholm said, "we'll be spending our energy dollars on Michigan wind turbines, Michigan solar panels, Michigan energy efficiency devices -- all designed, manufactured and installed by Michigan workers."

Granholm also put regulatory muscle behind her policy, directing state agencies "to evaluate ... both the need for additional electricity generation and all feasible and prudent alternatives before approving new coal-fired power plants in Michigan."

For good measure, she praised climate friendly technologies that would "prevent coal plants from spewing dirty carbon emissions into the air."

Granholm's speech was accompanied by the issuance of a [directive](#) putting several of the new policies in motion, including the tightening of regulatory reviews.

At least eight new or expanded Michigan coal plants have been proposed in recent years, with four in the permitting pipeline at the state Department of Environmental Quality, according to the Sierra Club. The proposals range from a 10-megawatt generator at Northern Michigan University to a 960-megawatt project proposed by Consumers Energy for its Karn/Weadock Generating Complex in Essexville.

Environmentalists, who have been pushing for a state moratorium on new coal plants, cheered the speech as an endorsement of their position, even though Granholm stopped short of endorsing an outright ban on new coal projects.

"We're thrilled with the governor's announcement today," Faith Bugel, a senior attorney with the Chicago-based Environmental Law & Policy Center, said in a statement. "Michigan is ready to take action to protect the health of its citizens and to be a leader on global warming solutions."

But business and industry groups say severely curbing coal's use for electricity would be a mistake. More than 300 companies and organizations, including the Michigan Chamber of Commerce and the Michigan Manufacturers Association, last year formed the Michigan Jobs and Energy Coalition in part to counter anti-coal lobbying efforts in Lansing.

Mike Johnston, the manufacturers association's vice president of government affairs, said Granholm's pledge to dramatically scale back coal use contradicts the state's comprehensive energy plan, adopted last October, which said new, cleaner coal plants were needed to meet rising energy demands. He also questioned whether the governor has the legal authority to make such sweeping policy changes, adding that his organization might challenge her directive in court.

"If Michigan is going to grow, having one of the most challenging economic situations in the country, we need to attract significant new manufacturing investment," Johnston said. "And the only way to attract that kind of investment is to have adequate supplies of reliable baseload power."

As for coal's environmental impacts, Johnston said Granholm's policy could delay air-quality improvements because it will undermine utilities' plans to replace older, dirtier plants with newer, cleaner technologies.

"If you're going to get to reducing the carbon footprint, one of the things you do is build new coal and retire old coal," Johnston said. "That reduces emissions of all sorts. That's the understanding we thought we had with the governor, and it doesn't seem to be true anymore."

'Renewable energy economy'

But Granholm offered a new vision for replacing old, inefficient power plants.

She promised to ask the Legislature to let property owners who install solar- and wind-generation systems to sell power back to utilities, thus earning a return on their investment and stimulating a new market for small-scale renewable energy projects.

Granholm also said she would urge the state Public Service Commission to let utilities boost earnings by encouraging energy efficiency among their customers through the installation of more efficient appliances and lighting and weatherizing buildings.

"Today, these companies make money selling us electricity and natural gas: The more you use, the more money they make," she said. "Tomorrow, they'll make money by helping us use less of both."

Finally, Granholm promised to help create financial aid and jobs programs aimed at improving the energy efficiency of more than 100,000 homes and 1,000 public buildings and expanding a "renewable energy economy."

"Every one of those projects means new jobs for people who need them right now," Granholm said.

[Click here](#) to read Granholm's executive directive.