



Members of the Senate Energy Committee,

On behalf of the undersigned organizations, representing thousands of businesses and employers throughout the state of Michigan, we would like to express our strong concerns with the approach and direction of Senate Bills 271, 273 and 502. Unfortunately, while we have seen several iterations of the bills, they do not sufficiently reflect the principles outlined below.

We recognize our national, regional and state economies benefit from a healthy environment. It is critical the business community is engaged and informed on climate change policy discussions to ensure they are both results-oriented and bolster economic growth. These policies need to work for all communities, rural, suburban and urban, as well as the business community to ensure that a more sustainable future is also a more prosperous one.

Our members are dedicated to being good stewards of their community and their environment. Across industry sectors, many have made commitments towards achieving carbon-neutrality, utilizing data driven pathways to do so. In considering policies to encourage Michigan's clean energy transition, we support the following principles towards a low carbon future:

- 1) **Promote Reliability and Affordability:** Climate change policies must be transparent and promote affordability while distributing costs and benefits equitably. This also means preserving and strengthening reliability in a cost-effective manner.

- 2) Predictable and Transparent: Policies should ensure our energy transition effectively addresses the state's energy needs, is durable and consistent, supports economic development efforts and is in the best interest of Michigan's energy customers.
- 3) Outcome Based: Policies must leverage established methodologies that achieve emissions reduction outcomes, not aspirational goals or specific technologies. Regulatory approaches should be clear and prudent, utilizing cost-benefit analysis, economic impacts or other tools.
- 4) Market Driven: Solutions that are economically feasible and technologically reasonable will help address unintended consequences and transition our economy away from carbon dependence. It is critical that policies be viewed through regional, national and global lenses and are balanced with a holistic view of the state's needs.
- 5) Invest in Innovation and Diversification: A diverse mix of the state's energy generation portfolio is an important part of maintaining energy reliability. Investment into research, development and deployment of infrastructure that supports low and zero carbon solutions to manufacturing, energy production and transportation, including energy storage, advanced nuclear and carbon sequestration technologies, should be studied.

Now more than ever, Michigan's ability to attract new investment and jobs depends on access to clean, affordable and reliable energy. Without a clear and rigorous pathway for ensuring that clean energy policy can meet the needs of Michigan's energy customers, we are concerned that these bills will result in significant unintended consequences, present enormous challenges to energy reliability and affordability in this state and hinder our ability to remain competitive. These bills will also disproportionately affect small businesses and small to mid-sized manufacturers who rely on affordable and reliable energy in order to operate.

Additionally, the bills do not address a number of important policies that are fundamental in achieving a sustainable energy future. Carbon capture and carbon offsets are important pieces of the decarbonization puzzle in Michigan – and yet are not sufficiently addressed in this bill package. While the bills speak to off-ramps for achieving compliance, the language lacks clarity on how long-term barriers will be resolved, nor how the early retirement of generation assets would be amortized. Because the tools in the decarbonization toolbox will continue to evolve over the coming decades, the State should maintain flexibility in its regulatory approach utilizing a cost-benefit analysis to grid technologies. These bills take a myopic approach that picks clear winners and losers over the coming years, without the ability for regulators to properly account for the needs of energy customers.

With your leadership, and in cooperation with the business community, constructive reforms can be realized that move the economy towards a more sustainable future. We respectfully request that the business community participate in future stakeholder proceedings in order to provide constructive feedback on how we move the state towards a more sustainable future that is also a more prosperous one for Michiganders to live, work and play.