State Notes

TOPICS OF LEGISLATIVE INTEREST

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Renewable Energy Development in Michigan
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The 21st century has brought new challenges and modern approaches related to the consumption and supply of energy. Day by day, the world is growing in population and industry, and the demand for energy is increasing rapidly, and will continue to increase. Accordingly, one of the new challenges the world now faces is energy shortage, which is actually present today in some parts of the world and is becoming a future concern for developed and industrialized countries like the United States, Germany, France, Japan, Denmark, China, Russia, India, and Brazil.

New challenges bring new approaches and new possible solutions to the problems. With the booming technological progress in the world, it is becoming more and more realistic to use new methods to generate energy that were not imagined several years ago. Thus, one of the modern solutions to the problem of energy shortage today is renewable energy.

Renewable energy commonly includes solar, hydro, wind, and biomass energies. In Denmark and Germany, for example, wind energy has become one of the main sources of energy generation and the wind farm industry of those countries is already world famous. Also, in the U.S., there are several good examples of renewable energy generation, such as the solar energy plants in California.

After having introduced the broader view, this article will discuss Michigan's role in the future of renewable energy. According to the 21st Century Energy Plan developed by the Public Service Commission, a significant amount of the power generated in Michigan comes from coal, natural gas, and nuclear energy, while only 3.0% comes from renewable resources. Renewable energy advocates assert that a more diverse mix of fuels, particularly those indigenous to Michigan, would reduce the overall cost of electricity and provide some protection against price fluctuations. In assessing the renewable energy potential of Michigan, wind energy is one of the directions the State could consider. As for solar energy, because the State does not get an abundance of sunny days during the year, it would not be as efficient as wind. Also, not only in Michigan, but in every state where there are big farms, biomass energy plants could be constructed at or close to the farms.

Although renewable energy generation is promising, it comes with very high costs of construction and use. In particular, wind mills with capacity of more than 40 megawatts cost several million dollars. Today, two of the big producers of wind mills and their equipment are Denmark and Germany. It would be cost-prohibitive, however, to buy the material and import it into this country, and transportation also must be taken into consideration. Nevertheless, Michigan could learn from the experience of the countries in which this business has been operating for several years and then build similar factories in the State, or use existing facilities. The State has a great history of car production, and the empty or underused car factories could become the manufacturers of wind mill blades and of other necessary materials needed for them, such as motor turbines and steel covers for the mills.

There are several Senate and House bills supporting renewable energy development in Michigan, including Senate Bills 213, 219, 385, and 1000, and House Bills 4319, 4539, and 4562. The issue of transmission and how it will be regulated also will need to be taken into consideration. Transmission refers to the way electricity generated from renewable energy sources reaches the end consumer. Legislative action could help to guarantee that the energy generated from a renewable source, including wind or sun, will be sold at a specific rate to the distributor. Someone investing billions of dollars in renewable energy production should not later face the problem of having to build new transmission lines. The construction of new transmission lines involves extremely high costs, which could discourage any construction of renewable energy plants today regardless of how beneficial they would be for the future.

It is very clear, especially these days, that virtually everything comes down to money and economics. It is one thing to say what needs to be achieved, and another thing actually to achieve it. Accordingly, although the development of renewable energy is or should be one of the first priorities of the Federal government, in order for it to experience rapid development and fast growth, the Legislature, not only of Michigan but of any other state that decides to promote renewable energy development, arguably should come up with some kind of support to guarantee the investors in renewable energy that all of their energy generated will have fixed or specific value no matter what, and that they will not have to build additional large-scale transmission lines. In other words, the sale of electricity generated will be guaranteed. This type of legislation could motivate the private sector, where a lot of money is available, to invest in renewable energy development.

There are many other factors related to motivation and promoting investment in renewable energy development, which has a sure future, but mentioning all of them would require another article. This article has highlighted some of the major issues, one of which is regulating the transmission of renewable energy.