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Michigan announces baseline modeling results and stakeholder process for EPA carbon rule compliance

LANSING, Mich. – Recent modeling results show that Michigan will be well on its way to achieving compliance with the U.S. Environmental Protection Agency’s (EPA) carbon rule in the near future, Valerie Brader, executive director of the Michigan Agency for Energy (MAE), and Dan Wyant, director of the Michigan Department of Environmental Quality (DEQ), announced today during a media conference call.

Brader and Wyant also provided a high-level overview of the stakeholder process that will be used to help develop the state’s carbon plan.

“Michigan’s focus on an energy future built on reliability, affordability and environmental protection means we are well-positioned to adapt to these new regulations,” said Brader. “Our early actions mean that the state can comply with the EPA’s carbon rule emission requirements for at least the next 10 years just by continuing a no regrets energy strategy. The positive steps we have taken will continue, and we will keep building on that success to remain economically competitive and improve Michigan’s air quality for future generations at the same time.”

Baseline modeling was conducted this fall to determine how Michigan would fare on compliance with the EPA rule. Results from the scenarios modeled indicate that Michigan would not fall out of compliance for carbon emissions until the 2025 – 2028 timeframe. This means that without taking any additional actions to comply with the EPA carbon rule, Michigan could stay the course for a decade and continue to be in compliance with the rule. Some investments, however, will need to be made prior to 2025 in order to continue compliance.

“This is great news for the state of Michigan because this allows us to take a broad, thoughtful approach to continuing to improve air quality in the state,” said Wyant. “Unlike many other states, Michigan can continue to choose compliance pathways best suited to protecting the environment and sustaining economic development.”

The model used predicts power flows, costs, and air emissions across the upper Midwest power system, and allows regulators to see what power plants would likely run

or close under various economic scenarios. Modeling assumptions for this baseline run included the already-announced retirement of 25 coal-fired units by 2020. The baseline also used existing law to determine levels of energy waste reduction and renewable energy, meaning that there was a “floor” created for the current renewable level and an assumed 1 percent annual energy waste reduction per year (which is less than the amount utilities are actually achieving currently -- 1.4 percent per year). The baseline also assumed Michigan’s electric demand would exceed the historical average, increasing by 1.2 percent per year.

With the initial modeling complete, Brader and Wyant outlined the stakeholder engagement process that will be used to help to develop the state’s initial plan.

“It is important to the development of our state plan that we have robust stakeholder and legislative engagement processes,” Brader said. “The input we receive will be crucial in identifying the best compliance options for Michigan.”

Input from legislators has already been solicited and continued engagement will be critical throughout the process. The stakeholder engagement process will feature sector representatives from energy providers, businesses, the general public and non-governmental organizations, environmental and health organizations, low-income groups, vulnerable communities, local governments and tribes. State staff, as well as external partners, will assist in both stakeholder outreach and the collection of comments and recommendations.

In mid-January, the state will launch its carbon rule website. The website will include information on how to be involved in the stakeholder process and offer the opportunity to comment on plan development. It will also have the compliance process timeline, results of state modeling efforts, news, documents and more.

On Sept. 1, Michigan [announced](#) it would develop its own plan to comply with the utility carbon rule. This decision enjoyed [broad support](#) from Michigan utilities, including every owner of a coal plant expected to be in operation in 2022 (when the rule is scheduled to take effect); businesses; large industries; other energy-related companies and advocates; and environmental and religious organizations.

The state’s initial submittal, required by Sept. 6, 2016, will be a formal request for a two year extension to allow Michigan to go through its rulemaking process. The deadline for a fully enforceable plan is Sept. 6, 2018.

For more information regarding Michigan’s EPA carbon rule activities, go to: <http://www.michigan.gov/energy> and look under Carbon Rule.

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