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Michigan to Develop Its Own State Carbon Implementation Plan to Ensure It Retains Control of Its Energy Future

September 1, 2015 – The State of Michigan today announced it will develop its own State Carbon Implementation Plan (SCIP) to ensure it retains control of its energy future.

The Environmental Protection Agency (EPA) on August 3 issued its first-ever rule to limit carbon emissions from existing power plants. Every state must either develop its own plan to comply with the rule or be subject to the federal implementation plan. At this time, what the federal implementation plan will be is unknown.

“The best way to protect Michigan is to develop a state plan that reflects Michigan’s priorities of adaptability, affordability, reliability and protection of the environment,” said Governor Rick Snyder. “We need to seize the opportunity to make Michigan’s energy decisions in Lansing, not leave them in the hands of bureaucrats in Washington, D.C.”

State leaders today discussed Michigan’s strategy during a conference call hosted by the [Michigan Agency for Energy](http://www.michigan.gov/energy) (MAE) and the [Michigan Department of Environmental Quality](http://www.michigan.gov/deq) (DEQ).

“While the multi-agency state review of the utility carbon rule is ongoing, we have determined that with participation from our stakeholders, Michigan can forge a reasonable path to compliance,” said DEQ Director Dan Wyant.

“Compared to the EPA’s proposed rule, the final rule gives Michigan more time to reach our requirements,” said MAE Executive Director Valerie Brader. “While the EPA did not accept all of our suggestions to improve its proposed rule, they did recognize our concerns about competitiveness in energy production. Michigan has made significant progress in recent decades to clean up its power production, and the EPA’s final rule recognizes our progress compared to other states in the region.”

Michigan's competitiveness has improved recently: the state has experienced the largest decrease in electric industrial rates in the region, falling almost 8 percent from June 2014. Michigan also is the only state in the region with a multi-year trend of decreasing industrial electric rates (inflation adjusted). This rule should further contribute to the state's economic competitiveness compared to neighboring states.

There remain a number of areas where Michigan's plan will address challenges in the final rule that could have been avoided had Michigan's input on the rule been accepted by the EPA. As an example, the Federal Energy Regulatory Commission (FERC) last year required a utility in Michigan's Upper Peninsula to continue operating a plant that the utility wished to retire in order to protect reliability. The federal rule failed to address what would happen if a similar federal order was issued in the future, and the plant violated the new pollution law as a result of following that order.

In addition, more than half of Michigan's renewable energy generation constructed to meet the state's renewable portfolio standard will not be awarded credits under the rate-based emissions approach in the final rule, a problem Brader characterized as "the EPA rule rewarding delay over early action."

Michigan soon will announce details of the stakeholder process expected to begin by the end of the year.

The administration will also continue its multi-agency collaboration between the Michigan Economic Development Corporation, Michigan Agency for Energy, Department of Environmental Quality and the Michigan Public Service Commission in the SCIP development process. Legislative participation will also be important to plan development. MAE will coordinate Michigan's efforts and an initial plan will be submitted by September 6, 2016, the deadline to avoid imposition of a federal implementation plan.

As more information becomes available, it will be posted on the MAE [website](#).

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