



The Honorable Jennifer M. Granholm
P.O. Box 30013
Lansing, Michigan 48909

May 6, 2008

Re: Michigan Senate Needs a Fresh Start with Renewable Energy Legislation

Dear Governor Granholm:

The wind industry would like to express our deep appreciation to you for your many strong statements of public support for vital legislative action on renewable energy issues. You have demonstrated real leadership, using your position as Governor, in educating the public about the many benefits of renewable energy and for that we thank you.

As you work with the Legislature to shape legislation setting requirements for electric generation portfolios, the wind industry asks for your continued and active support of significant, enforceable, and annual benchmarks for new renewable energy supplies for 2010 and beyond. Benchmarks of 5% by 2010, ramping up 1% per year to 10% by 2015, would establish a nationally significant renewable energy market in Michigan.

Our industry is very concerned that the legislation that recently passed the Michigan House of Representatives (including House Bills 5548 and 5549) contains no benchmarks of any kind for 2010 and 2011, and only the weakest benchmarks for 2012 through 2014 (requiring less than one-half of one-percent of additional renewable energy through 2014). Furthermore, the enforcement provisions are misdirected, relating to utility expenditures rather than actual performance in obtaining renewable energy. Finally, the utilities' opportunity for advance collection of costs, as well as the arbitrary market segmentation provisions by ownership class, both potentially undermine cost-effective procurement.

Because such legislation fails to provide any significant incentive for wind developers to establish projects in Michigan, Michigan would forgo three significant areas of economic development benefits. First, as the developers' projects may not be constructed, well over 1,000 MW of wind projects currently in the pipeline in Michigan would not be realized, representing lost investment opportunities in the state of at least \$2 billion. Second, because those developers would have no reason to procure wind infrastructure to build those projects, the House legislation also provides no incentive for manufacturers to establish production facilities or create any jobs in your state. Third, local benefits in terms of landowner payments and local property tax payments—large wind farms in rural counties in the Midwest are

commonly among the largest property tax payers in their counties—would also be forgone. The House legislation, as a package, cannot accurately be described as a renewable energy standard, and the public should not expect economic benefits to result from the package. To avoid unwarranted market and public confusion created by opaque legislation, our industry asks for your assurance of a veto should such legislation reach your desk.

Michigan has a clear opportunity to make a fresh start with renewable energy legislation in the Senate, and asks for your leadership to provide that fresh start. Twenty-six states have now enacted renewable energy standards, and if Michigan establishes a compelling market for renewable energy companies, through a standard with clear requirements in the current investment cycle, then Michigan would become an attractive state for investment.

Again we would like to thank you for your leadership with renewable energy in Michigan to date. We would be pleased to discuss the appropriate design of legislation to ensure that renewable energy will be developed in the near term in Michigan while protecting consumers and helping to create jobs for Michigan's highly skilled workforce. We would look forward to working with you in whatever way you suggest.

Sincerely,

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CC: Senate Majority Leader Michael Bishop
Senate Energy and Technology Committee Chair Bruce Patterson