Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1000 (as discharged)
Sponsor: Senator Patricia L. Birkholz
Committee: Energy Policy and Public Utilities

Date Completed: 2-20-08

RATIONALE

Concerns about pollution, energy prices, and the limits of the fossil fuel supply, along with technological advances, have led some people to consider a greater reliance on renewable energy sources to meet electricity demands. In order to increase the use of "green energy", it has been suggested that a certain percentage of the electricity used in State facilities should come from renewable resources.

CONTENT

The bill would amend the Management and Budget Act to require the Department of Management and Budget (DMB) to enter into contracts with electrical energy providers to provide that by the specified dates not less than the following percentage of the electricity used in all State facilities would be generated from a renewable energy source:

-- January 1, 2009, 3%.
-- January 1, 2010, 10%.
-- January 1, 2020, 20%.
-- January 1, 2025, 25%.

The DMB would not have to comply with the bill's requirements in a year in which the price of electricity produced by a renewable energy source was greater than 5% of the price of electricity produced by a nonrenewable energy source.

"Renewable energy source" would mean that term as defined in Section 10g of Public Act 3 of 1939, the Public Service Commission law. That section defines the term as energy generated by solar, wind, geothermal, biomass, including waste-to-energy and landfill gas, or hydroelectric.

Proposed MCL 18.1257

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

By requiring State government to purchase certain amounts of renewable energy for its facilities, the bill would aid in the broader deployment of renewable energy resources without adding a surcharge to utility ratepayers' bills or burdening electric providers with a government mandate to produce electricity using those sources. Because the State of Michigan is a sizeable consumer of electricity, the increased demand for renewable energy could attract electric providers and related businesses in the renewable energy industry. Additionally, the State's use and promotion of renewable energy could increase awareness of it and encourage businesses and individuals to make a similar commitment with regard to their electricity needs.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

There is a potential for additional costs to the State; however, the amount is indeterminate. It is not known whether all locations where the Department would enter into contracts would be able to provide a renewable energy source. The amount of additional costs, if any, would depend on the availability of renewable energy sources. The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco