

CLEAN ENERGY SYSTEMS

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House Bill 4007 as introduced
Sponsor: Rep. Karl Bohnak
Committee: Energy
Complete to 3-24-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4007 would amend the Clean and Renewable Energy and Energy Waste Reduction Act to provide that, until the end of the Midcontinent Independent System Operator (MISO) planning year ending in 2050, a reciprocating internal combustion engine (RICE) placed in service before the bill's effective date to facilitate the retirement of coal-fired generation in the Upper Peninsula is a *clean energy system* for purposes of the act.

Generally speaking, the act requires electric providers in the state to generate at least 80% of their electricity using clean energy systems by 2035, and 100% by 2040.

MCL 460.1003

BACKGROUND:

Currently under the act, *clean energy system* means an electricity generation facility or system or set of electricity generation systems that meets any of the following requirements:

- It generates electricity or steam without emitting greenhouse gas (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride), including through nuclear generation.
- It is fueled by natural gas and uses carbon capture and storage that is at least 90% effective in capturing and permanently storing carbon dioxide. Using carbon dioxide for enhanced oil recovery is not considered to be permanent storage. If the Department of Environment, Great Lakes, and Energy (EGLE) determines, through a facility-specific major source permitting analysis consistent with applicable federal Environmental Protection Agency (EPA) rules, that a capture rate higher than 90% meets the best available control technology standard, as applicable, then that higher percentage shall be used instead of 90% for facilities permitted after February 27, 2024.
- It is an independently owned combined-cycle power plant fueled by natural gas that has a power purchase agreement with an electric provider as of February 27, 2024, and that by 2030 receives approval from the Michigan Public Service Commission (MPSC) for a plan that achieves functional equivalence with the 100% clean energy standard under the act (beginning in 2040) through reduction of greenhouse gas emissions using carbon capture and sequestration and other available applications, such as carbon removal technologies.¹
- It is defined as a clean energy system in rules adopted by the MPSC consistent with the purposes of these provisions.

¹ This is understood to mean the Midland Cogeneration Venture. <https://www.capitalpower.com/operations/midland/>

FISCAL IMPACT:

House Bill 4007 would have no fiscal impact on the Michigan Public Service Commission, housed within the Department of Licensing and Regulatory Affairs (LARA), and is unlikely to directly affect costs or revenues for the Department of Environment, Great Lakes, and Energy or local units of government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.