



Truth Squad: Foul for anti-Prop 3 ad

September 22, 2012

RPS — "In a few short weeks, you'll be asked to vote on an energy mandate that would be locked into our state constitution. Because it would be locked into our constitution in a way that cannot be changed quickly or easily, this plan would affect your utility bills and taxes for years to come."

Proposal 3 would require Michigan utilities to generate 25 percent of their electricity from renewable energy resources by 2025, with some caveats. Under current law, electric providers must generate 10 percent of their energy from renewables by 2015.

The so-called "25 x 25" proposal is sponsored by Michigan Energy Michigan Jobs, composed primarily of labor groups and alternative energy companies.

In the latest reporting period ending July 20, the group raised \$2,247,277, according to state campaign finance records. Of that amount, \$1,772,000 came from clean-energy advocacy organizations in San Francisco and New York. Its largest in-state contribution was \$450,000 from the Michigan League of Conservation Voters.

The proposal, which would amend the state constitution, is opposed by the Clean Affordable Renewable Energy for Michigan Coalition, which includes the state's largest utilities, and a number of business and labor groups.

CARE raised \$5,922,165 to defeat the proposal, according to its most recent state campaign finance filing. Of that, \$5.8 million was contributed by DTE Energy and Consumers Energy. Each gave \$2.9 million.

The ad does not explain how the 25 x 25 proposal would affect taxes "for years to come." It cites an Associated Press story in supporting the claim, but the story does not mention taxes.

"Michigan would be forced to generate 25 percent of its electricity from renewable energy by the year 2025. Even though it's expensive and less reliable."

CARE cites a Michigan Capitol Confidential story from July 11, 2011, as its source for the claim that renewable energy is "expensive and less reliable."

The story quoted Pat Michaels, a senior fellow in environmental studies at the Cato Institute, as saying that mandated renewable power will make energy more expensive. Michaels also said that renewable energy is unreliable, requiring more back-up generation.

But the story did not cite any statistics to back up Michaels' claims. It did say that Consumers Energy customers were paying a \$2.50-a-month renewable energy surcharge, but that the surcharge was expected to drop to 65 cents in September 2011.

In May, the Michigan Public Service Commission approved lowering Consumers Energy's monthly renewable surcharge to 52 cents, citing lower renewable energy costs for the utility.

Michigan Capitol Confidential and the Cato Institute are not exactly disinterested sources of information on renewable energy. Michigan Capitol Confidential is a publication of the Mackinac Center for Public Policy, which has been critical of renewable energy policies.

The Mackinac Center and the Cato Institute, a libertarian think tank, contend that renewable energy sources, such as wind and solar, are not economically viable because they rely on hefty government subsidies.

"The wind often doesn't blow. The sun doesn't always shine. In fact, this experiment would have an estimated price tag of \$12 billion."

CARE cites a Massachusetts Institute of Technology study, which says utilities are being challenged to provide a steady flow of reliable energy. That's because it's difficult to operate fossil fuel-powered generating plants in a manner to smooth out the ebb and flow of power from wind and solar sources.

The ad cites a story in the News-Herald of Southgate for its claim that the 25 x 25 proposal has an estimated price tag of \$12 billion.

CARE provided the Truth Squad with background material showing that the \$12 billion cost estimate came from this Consumers Energy statement:

"Looking at the increased amount of renewable generation (17,500 GW-hours) we would need if we went to a 25 percent at an average cost of \$2,500/KW (wind) at 40 percent capacity factor — it would be a \$12 billion investment if the state used mostly wind — and that's the cheapest renewable right now."

Overall Impressions:

No one is disputing that raising Michigan's renewable energy standard to 25 percent will cause increased spending on electric generation. Proponents of Proposal 3 regard that cost as an investment that will create jobs and boost alternative energy businesses, giving a lift to Michigan's economy. Opponents regard that increased spending as costs that will be passed on to energy consumers.

A central question is how much more Proposal 3 will cost to implement. The ad says \$12 billion. The MSU study pegs additional spending at \$10 billion between 2016 and 2030. And the Sikkema study, paid for by CARE, says the answer is unclear.

A February report by the Michigan Public Service Commission found that the cost of renewables is significantly less than the cost of building a new conventional power plant.

The ad raises a valid concern that a constitutional amendment will make it difficult to adjust the 25 percent renewables standard should it prove unworkable.

But the ad also relies on sources with a vested interest, or clear point of view on policy.

Truth Squad call:

Technical foul, which the Michigan Truth Squad defines as "A statement that implies something that isn't quite true and deserves additional explanation, or that is entirely false.". In this ad, the scariest claim for voters is the notion that consumers and families will pay "thousands of dollars in higher electric bills."

The add does not clearly explain, or cite sources that clearly explain, that assertion.