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MICHIGAN HOUSE OF REPRESENTATIVES

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Hi Neighbor,

I'm writing today with an update on my plan to safeguard energy production in the U.P. Recent mandates imposed by Lansing pose significant threats to our energy producers, potentially leading to massive rate increases for homes and businesses. My RICE Generator Protection Plan – House Bills 4007 and 4283 – prevents the looming energy disaster and protects the future of energy affordability, economic stability, and job security in Michigan's Upper Peninsula.

The RICE Generator Protection Plan, which is my chief legislative priority, is designed to preserve the operation of our region's Reciprocating Internal Combustion Engine (RICE) generators, which currently provide reliable, affordable energy to tens of thousands of U.P. residents, businesses, schools, and industrial operations. Without these bills being signed into law, the RICE generators – installed in 2019 to replace coal-fired plants – would be prematurely shut down under Michigan's new clean energy mandates, despite their proven efficiency and environmental benefits.

Background

To help keep the energy grid stable after the Presque Isle and Shiras coal power plants were shut down in 2019, new Reciprocating Internal Combustion Engine (RICE) generators were installed. These generators have reduced carbon dioxide emissions in the Upper Peninsula by more than 70%, and they are expected to operate until 2050. Lower Michigan still has 33 coal power plants, but thanks to the progress made in the U.P., utilities in the lower part of the state now have a model for how to retire coal plants and switch to cleaner energy sources.

The U.P. moved away from coal earlier than expected and didn't foresee the stricter energy standards that would be introduced four years later:

- In 2008, Michigan passed PA 295, which created the state's first renewable energy standards. It required utilities to produce 10% of their electricity from renewable sources like wind and solar by 2015.
- In 2016, the requirement increased to 15% by 2021.
- In 2023, the 102nd Legislature passed PA 235, which raised the standards even more and introduced a clean energy requirement. This law requires a certain percentage of electricity sold to come from clean energy sources. These standards scale by year:

Standard Type	Target Year	Required Percentage
Renewable Portfolio Standard	2030	50%
Renewable Portfolio Standard	2035	60%
Clean Energy Portfolio Standard	2035	80%
Clean Energy Portfolio Standard	2040	100%

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The Problem

Renewable energy comes from natural sources that can be replaced over time. This includes solar power, wind energy, geothermal heat from the Earth, and certain types of biomass (like plant or animal waste used for fuel). Clean energy includes any method of making electricity or steam that doesn't release greenhouse gases. This includes nuclear power and some natural gas plants—but only if they use a carbon capture system that removes at least 90% of the carbon emissions.



In 2023, when Michigan passed PA 235, the law required the Michigan Public Service Commission (MPSC) to study the energy system in the U.P. The report, published in 2024, highlighted the importance of RICE generators. According to the report, RICE units are **essential** for keeping the U.P.'s electric system reliable. They can start up quickly, which makes them a good match for renewable energy sources like solar and wind that can sometimes be unpredictable. If there's a sudden drop in energy from renewables, RICE generators can quickly fill the gap.

Because RICE generators help keep electricity affordable and reliable, some people are concerned about what might happen if they're excluded from Michigan's new clean energy rules. That's because natural gas plants like RICE generators aren't considered "clean" unless they have expensive carbon capture systems. Without those systems, there's worry that electricity in the U.P. could become less reliable and more expensive.

Why My Plan Matters

Due to the 2023 changes to Michigan's energy laws, energy poverty is threatening our communities if we don't make an exception for the RICE units. Energy rates have already increased 30% over a two-year period and they are set to go up even higher in coming years. It is simply unsustainable. The financial impact of the RICE units shutting down will extend to every area of U.P. life. **School districts and universities** will struggle to absorb rising energy costs, diverting funds from education. **Mining and skilled trades jobs** – the backbone of our regional economy – are at risk. **Future economic growth** will be stifled by unaffordable energy and unreliable infrastructure.

This is why I introduced a plan to preserve the operation of the RICE units, safeguarding U.P. energy for years to come:

- HB 4007 updates the definition of clean energy to include RICE generators using natural gas with carbon capture.
- HB 4283 allows electricity from these generators to count toward Michigan's renewable energy credit standards.

Again, these bills do not weaken our commitment to clean energy. Instead, they provide a practical bridge for the U.P. to meet statewide energy goals without sacrificing our economic backbone.

These bills are not a permanent exemption for the Upper Peninsula; they simply delay full implementation of the standards under the 2023 law by 10 years.

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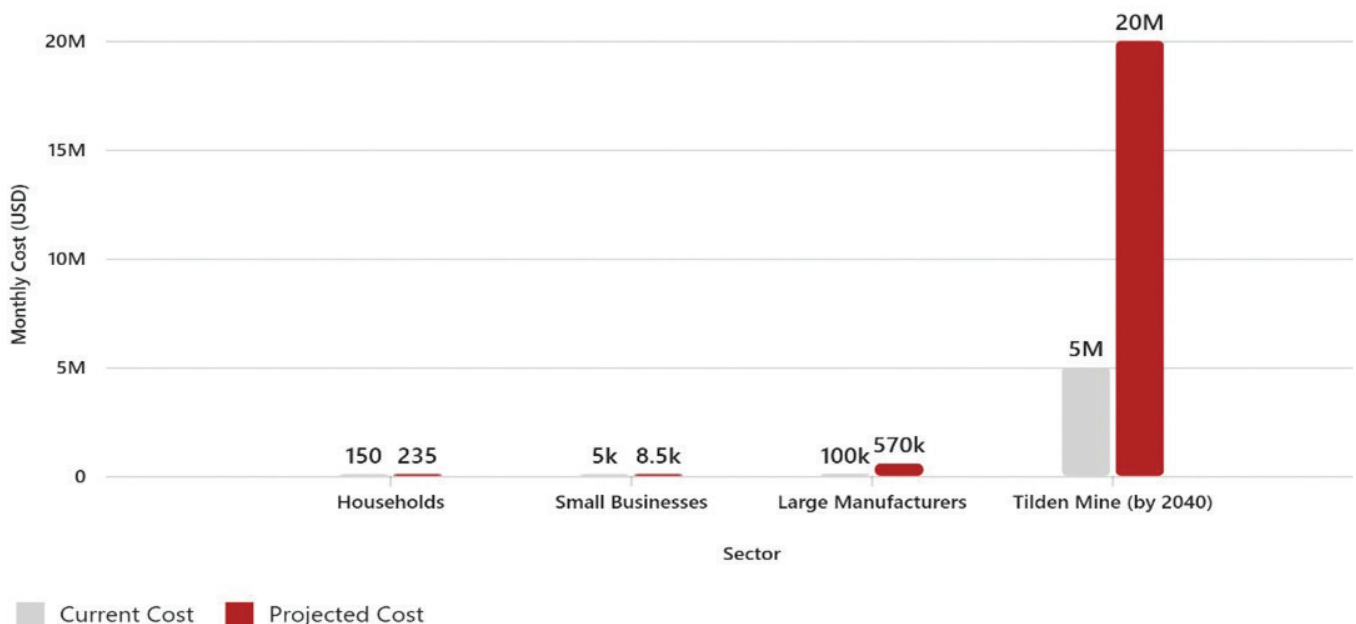
The Devastating Impact to U.P. Energy Without These Bills and What's at Stake:

The RICE units are modern facilities that, according to the MPSC, are more efficient and economical than traditional natural gas plants and are well-suited to providing reliable power at all times due to their innovative modular design. Shutting them down in favor of intermittent generation sources like wind and solar is irresponsible.

The RICE generators in the U.P. are crucial to the affordability and reliability of energy, and my plan helps ensure they can continue operating. Shutting down these generators in favor of building extensive renewable generation would significantly raise rates on people and businesses who foot the bill.

If HB 4007 and HB 4283 are not signed into law, the consequences will be severe:

- **Households** could see electric bills rise by **\$80 to \$90 a month**, totaling more than **\$1,000 annually**.
- **Small businesses** may face **\$3,500 in monthly energy surcharges**, threatening closures and layoffs.
- **Large manufacturers**, including Cleveland-Cliffs, could be hit with **more than \$470,000 in monthly fees**.
- **The Tilden Mine**, which consumes 60% of the U.P.'s electricity, faces a **\$15 million monthly surcharge by 2040**, risking closure and the loss of hundreds of skilled trades jobs.



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What's Next?

The RICE Generator Protection Plan is currently sitting in the state Senate awaiting a potential vote. I am working tirelessly to urge the Senate to consider these common-sense proposals to protect U.P. energy production.

Passing my RICE Generator Protection Plan would ensure energy production is effective and affordable far into the future. Protecting energy means protecting the power we use to heat our homes, keep the lights on in our schools, and ensure the long-term viability of jobs at businesses of all sizes, from Tilden Mine to the smallest Mom and Pop shops.



I'm confident that if the U.P. can band together – like we have for generations – there is no task too big for us to accomplish. The entire U.P. delegation is united in this fight, and we welcome your support. Together, we can get this done.

Sincerely,

Karl Bohnak

State Representative
109th House District