



**Testimony Before The Michigan House Energy & Technology Committee  
Cities of Broken Promises: Pass HB 5008**

**November 8, 2011**

**By Sean Reed, Executive Director, Clean Energy Coalition**

**Introduction**

Chairman Horn and distinguished members of the committee, thank you for the opportunity to testify on behalf of Clean Energy Coalition and Michigan's Cities of Promise regarding the tremendous positive impact Michigan's Low Income & Energy Efficiency Fund has had across Michigan, the continuing repercussions from its abrupt cancellation, and the best path forward.

My name is Sean Reed. I am the founder and executive director of Clean Energy Coalition. Clean Energy Coalition is a non-profit, non-partisan organization based in Ann Arbor that is dedicated to promoting clean energy technologies as a way to create healthier, energy independent communities. Since its launch in 2005 Clean Energy Coalition has managed innovative energy efficiency, renewable energy, and clean transportation projects valued at more than \$60 million.

Clean Energy Coalition was awarded a \$4.4-million grant from the Michigan Public Service Commission at the end of 2009 to develop and implement a clean energy program in each of Michigan's eight Cities of Promise. Cities of Promise include: Benton Harbor, Detroit, Flint, Hamtramck, Highland Park, Muskegon Heights, Pontiac, and Saginaw. Through this program, Clean Energy Coalition served as a bridge between public and private partners to affect smart, sustainable energy strategies with fast "bottom-line" results. In addition to intending to deliver nearly half a million dollars in grant funding to each city, our organization provided free technical assistance, outreach and education, program evaluation, and guidance in establishing revolving energy funds.

In June of 2011, the MPSC issued an Opinion and Order awarding Clean Energy Coalition a Michigan Energy Efficiency grant in the amount of \$5 million to continue the program and to expand its reach to include financially stressed communities that had been appointed an Emergency Financial Manager. The first round of grant funding was midway through implementation when it was abruptly cancelled on Aug. 19, 2011.

**Cities of Promise**

Through its Cities of Promise program, Clean Energy Coalition invested in projects with strong energy-saving potential. Through the establishment of revolving energy funds to support future clean energy investments, and by empowering municipalities to take control of their energy usage, our goal was healthier, more energy-independent communities across Michigan. In the Cities of Promise, infrastructure is crumbling, systems are deteriorating if not already defunct, and issues of human welfare have to be addressed alongside achieving savings through energy efficiency. Heating and air conditioning systems were non-operational in municipal buildings housing key city staff in three of the Cities of Promise, leaving public employees to work in harsh and unproductive conditions.

Clean Energy Coalition helped city staff assess facilities of highest priority, target systems that could be repaired to not only be operational but also save energy and money, and identify ways funds could be invested to improve the work environment for city staff and the visiting conditions for the general public. Energy efficiency and renewable energy projects that were planned to be funded by the grant across all cities were expected to save these cities more than \$420,000 annually if they had been realized.

Cities of Promise investments would have helped establish long-term sustainable funding mechanisms. Projections for multiplied savings over time suggested that in 10-15 years, cities using these mechanisms would experience significant cost savings, including savings that would have been directed to city general funds over time. Due to the abrupt cancellation of this grant, Clean Energy Coalition had completed 20 percent of the energy efficiency upgrades, leaving several of the cities without operational HVAC systems, many contractors in the lurch, and many municipalities without hope for near-term solutions.

### **Statewide Benefits**

Clean Energy Coalition has brought significant job growth to Michigan in multiple ways including growth within our own organization in implementing programs such as Cities of Promise and by helping to grow Michigan's key alternative energy sector. I am proud to state that over the course of the past 6 years our organization has grown from a single staff person, myself, working at a folding chair and card table workstation, to 16 full time employees today.

As part of implementing Cities of Promise, Clean Energy Coalition engaged and employed a variety of Michigan-based contractors, ranging from architects to energy auditors to construction firms to engineering firms. Clean Energy Coalition pursued opportunities to purchase Michigan-made energy efficiency and renewable energy products where feasible, creating jobs for local clean energy manufacturers. Construction projects including HVAC system upgrades, lighting retrofits, window sealing and reglazing, solar array installations, and building shell improvements kept money flowing through contractors based across the state, helping spur growth in this industry and drive innovation in Michigan's emerging green jobs sector.

Based on the U.S. Department of Energy calculation that one job may be created for every \$90,000 of grant funding, Clean Energy Coalition estimates the number of jobs created from the first grant of \$4.4 million to be nearly 49. If the second grant had continued as awarded, this would have meant an estimated additional 55 jobs. The Michigan Economic Development Corporation has targeted the alternative energy industry as one of its key drivers of economic growth essential to a prosperous future in our great state. In this time of tremendous economic uncertainty, we need to be supporting job creation and retention. The Low Income & Energy Efficiency Fund has been a vital and cost effective tool in the state's arsenal towards accomplishing this goal.

### **Conclusion: Pass HB 5008**

Clean Energy Coalition's work with Michigan's Cities of Promise and its efforts to grow Michigan's alternative energy industry, were abruptly halted in August of this year as a result of a ruling by the Michigan Court of Appeals. In my opinion, the mystifying legal limbo we have found ourselves in is a result of an inadvertent legislative drafting error. An error so insignificant



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that it took over three years and a complex Court of Appeals ruling to even discover it. It is past time to remedy this situation and reinstate the Low Income & Energy Efficiency Fund by passing House Bill 5008. And by doing so, let's put Michigan back to work.

Thank you for the opportunity to speak today and for your work on behalf of Michigan's citizens that are depending on you to do the right thing.

