

CCI- 10 Enhance and Encourage Economic Growth and Job Creation Opportunities Through Climate Change Mitigation

Policy Description

Michigan's response to climate change should prompt us to make a faster, more successful transition to the New Economy. Michigan is currently caught with a dependency on manufacturing that has not kept pace with rapidly changing market demands related to the increased costs of carbon-based fuels.

Energy costs, an uncertain climate future, and federal-level policy responses regarding carbon-constraints will likely require substantial adjustments in all three of Michigan's economic pillars – manufacturing, agriculture/forestry and tourism.

Michigan can turn these challenges into economic growth and job creation opportunities. But to do so, the state must be willing to focus on protecting and building on our key assets, and encourage both the public and private sector to invest in new transformative models. These kinds of intelligent, strategic investments can ensure that Michigan's economy emerges with stronger opportunities for all business and population sectors.

Policy Design

Goals:

To capitalize on the economic transformation potential of climate change, the state should focus on transformative policies that build on our key assets, including:

- 1. Protecting our water** and maximizing its sustainable and affordable use for the benefit of all Michigan residents and the three traditional segments of our economy, while minimizing the threat of out-of-basin diversions. Michigan has an exceptionally rich—but not unlimited—source of fresh, clean water in the Great Lakes and our other water bodies, and should focus investment on the activities and sustainable enterprises, ~~including tourism,~~ that this resource supports. For example, since climate change is contributing to lower lake levels and rising sea levels, mitigating climate change will help stabilize lake levels necessary for the Great Lakes shipping industry and the recreational boating industry.

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- 2. Transitioning our strong manufacturing capacity** to focus on green, efficient transportation and clean energy products. This should include policies to:

- a. Improve Michigan's competitive position and increase conservation and energy efficiency through policies such as the Renewable Energy Portfolio, Energy Efficiency, Integrated Resource Planning, and better**

energy codes. These types of policies will help attract investments in clean energy businesses, such as wind, solar, and high-tech batteries for hybrid and plug-in electric vehicles and on-site storage. Likewise, incentives are needed for partnerships between green energy companies and more traditional (or retooled) manufacturers to develop home solar recharge units for those hybrid and plug-in vehicles. Similarly, utility companies partnering with on-site storage manufacturers to build a more resilient green grid by encouraging on-site power storage, wind and solar energy for storage and feeding into the grid, should be part of our options. These options would all reduce money flowing from our economy to import carbon-based fuels and cuts costs for individuals, families, businesses and public institutions.

- b. Maximize federal funding from current and prospective sources (energy credit allowances) to train and employ low income/ marginally employed people in conservation and energy efficiency projects, including older substandard housing;
- c. Maximize federal funding to support job training at all levels and retool industrial facilities to expand opportunities in the clean energy industry.

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- ~~a. Improve Michigan's competitive position and increase conservation and energy efficiency through policies such as Renewable Energy Portfolio, Energy Efficiency, Integrated Resource Planning, better energy codes. This helps attract investments in clean energy businesses, reduces the money flowing out of our economy to import carbon-based fuels and cuts costs for individuals, families, businesses and public institutions.~~
- ~~b. Maximize federal funding from current and prospective sources (energy credit allowances) to train and employ low income/ marginally employed people in conservation and energy efficiency projects, including older substandard housing;~~
- ~~c. Maximize federal funding to support job training at all levels and retool industrial facilities to expand opportunities in the clean energy industry.~~

3.3. Investing in walkable neighborhoods and transportation mode choice by using federal, state and local support to build a transportation infrastructure appropriate to an economy that is likely to have drastically higher energy costs. This should be accomplished with policies directed to:

- a.d. Creating transit and transit-oriented development opportunities targeting business attraction and neighborhood redevelopment. Lack of affordable, reliable, mass transit in our core communities is a major barrier to growing Michigan in the New Economy. Mass transit in other states has paid for itself many times over with new private sector development and investment along key transit corridors.
- b.e. Support better planning and zoning for higher density, mixed use development (see Michigan Land Use Leadership Council Report 2004) that will result in lower costs of energy for housing and transportation,

save tax dollars for water and sanitary sewer systems; and provide less costly access to services for people of all incomes.

e.f. Move more cargo goods via trains to reduce costly, dirty, energy-consumptive truck traffic, saving businesses and consumers money and making substantial improvements in air quality and the health of individuals, especially those living in poverty.

4.4. Supporting a diverse agricultural base. The Great Lakes region is likely to incur relatively manageable impacts from climate change, since we are above sea level, close to water, and in a more northerly climate. Policies should:

a.g. Protect farmland, support crop diversification and farm viability, and improve access to fresh, Michigan-grown food, especially in underserved urban centers where people are forced to do their shopping at gas station stores. (See Michigan Food Policy Council Report 2006.)

b.h. Support better planning and zoning to reduce development pressure on farmland and enable more sensible open space and working land protection. (See Michigan Land Use Leadership Council Report 2004);

e.i. Reduce water pollution and provide habitat protection for better hunting, fishing and other recreational activities;

5.5. Maintaining traditional support for Michigan's excellent public research universities, which is strong but threatened. This should also include support for clean energy research initiatives at our universities and the development and promotion of these initiatives with support for their commercialization in Michigan from federal, state, nonprofit and foundation programs. We should also make full use of and encourage collaboration among all of our universities, community colleges and our economic development organizations such as NextEnergy, Spark, The Right Place, etc.

6.6. Encouraging and facilitating Michigan's strong social infrastructure with its historic participation by diverse populations in educational institutions, labor unions, business organizations, local governments, religious communities, non-profits and charitable foundations.

- **Parties Involved:**
- **Other:**

Implementation Mechanisms

TBD – [CCS drafts based on TWG inputs; this can be developed as they go along, and can start early or late as they prefer; the level of detail can vary on TWG approval]

Related Policies/Programs in Place

21st Century Jobs Fund, MEDC, NextEnergy, Spark, The Right Place and other economic development centers, University Research Programs funded by federal dollars; federally funded DOD programs; federal transportation programs... other federal programs for energy efficiency should be mentioned... pending climate change legislation likely to provide substantial new sources of funding from auctioning carbon credits... **Types(s) of GHG Reductions**

CO₂:

Estimated GHG Reductions and Net Costs or Cost Savings

TBD – [CCS should provide a worksheet and other reference material as needed for transparency]

- **Data Sources:** [TBD by CCS on TWG approval]
- **Quantification Methods:** [e.g., Full life-cycle analysis with supply/demand equilibrium adjustments on TWG approval]
- **Key Assumptions:** [TBD, as needed on TWG approval]

Key Uncertainties

TBD – [as needed and approved by the TWGs]

Additional Benefits and Costs

TBD – [as needed and approved by the TWGs]

Feasibility Issues

TBD – [as needed and approved by the TWGs]

Status of Group Approval

Pending – [until MCAC moves to final agreement at meeting #5 or #6]

Level of Group Support

TBD – [blank until MCAC meeting #5]

Barriers to Consensus

TBD – [blank until final vote by the MCAC]