
TESTIMONY
Senate Energy & Technology Committee
September 16th, 2014

Good afternoon ladies and gentlemen of the committee, my name is Brindley Byrd, executive director of MEECA. Thank you, Chairman Nofs for allowing me this opportunity to speak in favor of HB5397.

When Rep. Havemen introduced this bill in the house earlier this year, MEECA's members gave their unanimous support for this legislation. They recognized the importance such a program would have at increasing access to energy savings potential through on-bill financing by giving homeowners and building owners an innovative financing option that could be used for energy efficiency improvements. It should be noted here that the bill passed the full house 108-2.

There are two specific provisions of this legislation that appeal to our members that I will highlight:

- 1) Assurances of savings are made via compliance with nationally recognized auditing standards. MEECA worked with Rep. Haveman's staff, Republican policy staff and industry experts to have the definition of a Home Energy Audit included in the bill. This language outlines the process by which initial project data is collected, analyzed and modeled to forecast the energy savings from recommended energy upgrades. MEECA does not advocate that legislation includes a "savings guarantee" be made to owners taking advantage of on-bill financing, but that only qualified individuals conduct energy audits that are part of any on-bill financing program.
- 2) The debt from loans provided by an on-bill financing program are associated with the property/meter, not the individual. This will unlock energy efficiency gains and closes the split-incentive of non-owner occupied properties. Owners will take advantage of such programs as the following anecdote shows: Last week, I was having a conversation with a City of Holland resident, Mr. Robert Johnston who lives at 561 Hiawatha Drive, looking for information on a particular energy efficiency contractor. He asked about the status of HB5397. Bob had signed up for Holland's Home Energy Retrofit Program when it was announced, but dropped out when he learned that if he

sold his home, he would still be responsible for paying for the cost of improvements. He told me that if this bill passes he will, I'm quoting now, "sign up the next day."

On-bill financing will make decisions to invest into energy efficiency improvements much easier for building owners no matter if owner or non-owner occupied.

Our members recognized this and question why not expand the provisions of HB5397 beyond municipals and coop utilities to also include the state's eight (8) investor owned utilities and allow for financing of commercial and industrial projects through an optional on-bill program?

Since HB5397 was introduced in March of this year, the EPA has issued their draft 111(d) ruling. This ruling puts significant pressure on Michigan's utility companies to reduce their carbon emissions from electrical generation facilities. One of the building blocks utilities can use to potentially satisfy 111(d) are reductions that come from deploying energy efficiency measures. Expanding the opportunity to deploy the energy efficiency resource through on-bill financing will create flexibility that Michigan's utility companies could utilize to comply with 111(d).

MEECA encourages the Senate Energy & Technology Committee to look for ways to expand optional on-bill financing program development to investor owned utilities and include financing of commercial and industrial projects.

Thank you again for the opportunity to speak. I am more than happy to take any questions.

Sincerely,



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