

From: David Coupland  
To: Senate Energy and Technology Committee  
Subject: Net metering in SB 438  
Date: 8/19/15

Good morning. My name is David Coupland and I live in Ann Arbor. I spent 21 years in software development, management, and marketing before moving to education. Currently I teach high school Physics and Earth Science in Ann Arbor.

I would like to offer a homeowners perspective on the changes in net metering proposed in SB 438.

Last month, after considerable research, I contracted with Michigan Solar Solutions to have solar panels installed on my house. The panels will generate about 5000 kWh of energy per year, which will offset nearly all of my electrical usage. The installed cost is about \$17,000, or \$12,000 after a 30% federal tax credit.

Under the current net metering law the payback for my solar panel installation will be about 10 years. This is rather long-term investment, especially since we may not even be in this house 10 years from now. I want to install solar panels because I want to take action on climate change and I want to show my students that action is possible. But I also want this investment to make some kind of economic sense.

Under the proposed change to net metering the payback period for my solar panels stretches to over 20 years. This is too long to make economic sense to me or most other potential customers. The "net" effect of this change in the law will be a sudden stop to residential solar installations in Michigan.

Why should the people of Michigan care? Residential solar has significant benefits to Michigan. 1) It adds more clean energy to Michigan's energy portfolio, which will help Michigan meet future Federal requirements. 2) Residential solar has created an industry of solar panel installers which would be put out of business by the proposed law, costing Michigan jobs. 3) Distributed energy generation can be more resilient to point failures like the one that caused the 2003 Northeast blackout, or a possible terrorist attack. 4) Solar energy can be one component of a Michigan climate change mitigation policy.

We need laws that encourage more residential solar installations in Michigan, not laws that make residential solar unaffordable. According to MLive.com (8/5/15), "Under the current system, solar installations are growing. At the end of 2014 net metering systems in the state had a 14,210-kilowatt capacity. That's a 25 percent increase over net metering capacity in 2013, but still represents just 0.015 percent of Michigan's total retail electric sales."

Power companies appear to be the force behind the proposed change to net metering. The same article in MLive.com states that "Irene Dimitry, vice president of Business Planning and Development for DTE Energy, said while net metering pilot programs for

solar had been successful, it's not a new technology anymore and we shouldn't be subsidizing or incentivizing it." With just 0.015% of retail electric sales, net metering still sounds like a new technology to me. And such a miniscule percentage cannot be having much financial impact on a regulated monopoly like DTE.

If we want to continue the growth of residential solar in Michigan, I believe the critical factor is payback period. The current 10-year payback period is short enough to spur growth in residential solar installations. A longer payback period will kill the industry. According to CleanTechnica.com, the cost of residential solar has declined steadily in recent years and is projected to continue its decline in the future. Sometime in the future the cost of solar installations will decline to the point where less support is needed. Until then, keep the net metering laws as they are.

One final issue is grandfathering of existing installations. When and if the net metering law is changed, it is only fair to grandfather in existing installations. Homeowners who were willing to layout large sums for a long-term investment that benefited the environment should be allowed to recoup their investment. Including me.

#### References

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