

2 September 2015

Chairman Nofs and Members of the Senate Energy and Technology Committee
100 North Capital Avenue
Lansing, Michigan 48933

Chairman Nofs and Members of the Senate Energy and Technology Committee,

Thank you for taking testimony on the proposed changes to Michigan Senate Bill 438, specifically with regard to net metering¹. Yes, to date, August committee meeting minutes² reflect you have heard from petitioners in support of these changes, but those are few and represent entities such as DTE Electric and Consumers Energy, two monopolies that host 84% of the statewide net metering capacity³. Of significance is that review of the same minutes indicate the majority voice coming to you from across the state, which includes personal residences, businesses large and small, and groups such as the Michigan Farm Bureau and Michigan League of Conservation Voters, outlines the overwhelmingly negative consequences these changes would impart not only to individual Michigan residents and business owners but to the state itself.

I am certain you are aware of the federal government's direct tax credit that encourages and facilitates investment in solar energy generation at the individual consumer level. This incentive, along with DTE Energy's net metering program, contributed to my family's investment in a 14 kilowatt rooftop solar energy generating system, installed by a Michigan company. I am proud to say we meet our home's energy needs primarily through energy that we generate ourselves. Energy generated in excess of our real time usage is transferred to DTE Electric for immediate use by them in exchange for credits "banked" toward compensating shortfalls in our production that comes during the night and on less optimal solar days. Adoption of the proposed changes to net metering in Michigan SB 438 benefits the utility companies, monopolies regulated by yourselves, at the expense of private investment and directly contradicts a national impetus toward clean energy.

I submit for your consideration two relevant quotes from Chairman Nofs' May 6, 2014 press release⁴ (emphasis mine):

*"I think we did a **pretty good job in crafting the 2008 legislation** in terms of balancing aggressive but achievable standards with affordability and reliability," said Nofs, R-Battle Creek. "I'm proud that **Michigan will meet its targets without changes to the law** while other states are scaling back or diluting theirs."*

*"The governor and I are in agreement that **Michigan's next generation energy policy needs to focus on ensuring the availability of clean, reliable and affordable energy for Michigan businesses and residents**," Nofs said. "As a key manufacturing state, the cost and availability of energy is critically important to the health and well-being of Michigan's economy. We led the way in establishing forward-looking energy policy in 2008 and I have no doubt that we can do so again."*

Michigan SB 438's proposed changes to net metering do in fact dilute the program by forcing participants to sell to the host utility at a wholesale rate all the energy generated while requiring simultaneous repurchase of that same energy at the higher residential rate to meet their load needs. Consider that according to Vice Chairman Proos, Michigan relies on non-green coal for 62-63% of its energy generation needs⁵, together with the inherently high costs associated with building a "clean" nuclear plant, it is discouraging to note that Michigan lags behind our neighbors Wisconsin and Ohio, barely edging out Indiana in terms of net metering customers per million total utility customers⁶. If adopted as written, SB 438 will most certainly negatively impact growth in this sector of clean energy production.

Next, I draw your attention to two quotes from the Michigan Public Service Commission's August 2015 "Net Metering and Solar Report Program for Calendar Year 2014" that states the following (emphasis mine):

"The net metering program, available to customers of Michigan's rate-regulated utilities and cooperatives, and alternative electric suppliers (AESs), has encouraged the development of on-site renewable energy electric generation projects to offset some or all of a customer's electric energy needs and reduce electric bills."

"The Category 1 net metering program is available to customers until the program size reaches 0.5% of the electric provider's peak load during the previous year. Consumers Energy and DTE Electric have 36 megawatts (MW) or 95% and 46 MW or 85% of space remaining, respectively."

The report also states that participation in the other two net metering categories is "still very low and far from reaching program size limits."

Senators, remove the current net metering benefits afforded to Michiganders willing to pay premium costs to install and maintain their solar or wind energy generation systems, and you remove a significant "jump start" that attracts consumers to the program in the first place. To do so is counter intuitive when the August report clearly indicates there is considerable capacity for expansion. Additionally, it is illogical and in fact counterproductive in the face of impending energy generation gaps arising from federal requirements that will result in Michigan taking nine coal powered plants offline in the future⁷. Vice Chairman Proos, in his August 16th "To The Point" discussion with Rick Albin on the 10% energy generated by means other than the three top producers⁸, mentions those interested in green energy that want to "keep what they have" will be grandfathered. The draft of Michigan SB 438 available to the public online⁹ contains no obvious mention of a grandfather provision to retain the current net metering provisions.

As Senators of Michigan's Energy and Technology Committee, to date you have been presented with informative, compelling testimony on the comprehensive benefits of net metering to residences, businesses and to the state itself. The changes to net metering presented in SB 438 represent a disappointing reversal to a progressive program that sends the wrong market signal about Michigan's commitment to clean, renewable energy. Please do not strip away critical incentives to the current net metering program that allow Michiganders, such as myself and my family, willing to incur the steep installment costs of on-site solar or wind energy generation systems to play our part in forward-looking energy policies. If the intent of this committee is to keep the changes to net metering as written, then I fervently hope that the grandfather clause is enacted for those that proactively invested in green energy at considerable cost to themselves.

Respectfully submitted,



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Notes:

¹ (Part 5 Distributed Generation and Net Metering, Section 177, page 74 line 5 through page 77 line 5)

² available at: http://www.senate.michigan.gov/committee/energy_tech.html

^{3,6} Michigan Public Service Commission “*Net Metering & Solar Program Report For Calendar Year 2014*” August 2015; ³ page 1 and ⁶ Figure 4

⁴ <http://www.senatormikenofs.com/nofs-announces-energy-policy-workgroup>

^{5,7} Senator John Proos on “*To the Point*” August 16, 2015 available at: <http://woodtv.com/2015/08/16/to-the-point-sen-john-proos/>

⁸ (Consumers Energy, DTE Electric and American Electric Power/Indiana Michigan Power)

⁹ <http://www.legislature.mi.gov/%28S%28v2isjapalnlvbo41ahod4pr%29%29/mileg.aspx?page=GetObject&objectname=2015-SB-0438>

