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May 2, 2016

The Honorable Mike Nofs, Chair  
Senate Energy and Technology Committee  
P.O. Box 30036  
Lansing, MI 48909-7536

Dear Senator Nofs,

On behalf of Ameresco, Inc., I am writing to express our opposition to Senate Bill 437, Section 11(3), which would authorize ratepayer subsidies to large utility companies for energy measures which are readily-financed by the private sector and through competitively-bid contracting methods, such as energy savings performance contracting.

Section 11(3) would authorize large electric utilities to fully cost-recover the design and implementation of a “portfolio of energy waste reduction programs” specifically for public and private schools, universities and community colleges. If the provision is adopted, it would likely replace an existing and competitive private marketplace with a utility program which would be delivered at a significantly higher-cost and at the expense of Michigan ratepayers.

It would also give utilities the ability to monopolize an existing market by eliminating the need for private sector companies that have been delivering energy efficiency retrofits to Michigan educational customers for more than 20 years. Section 11(3) would also require ratepayers to subsidize utility companies to operate in a market that they previously determined was not an attractive business opportunity.

This would affect a diverse constituency of engineering firms, mechanical contractors, electricians, and other energy and construction professionals in Michigan who currently implement this work through private sector project-delivery models. Ameresco, for example, has implemented more than \$27 million in comprehensive energy efficiency projects across Michigan public entities, including at Monroe County Community College, Schoolcraft College, and Mesick Consolidated Schools. These projects utilized local suppliers, electricians and mechanical contractors—who will likely have limited access to the program proposed in Section 11(3).

For these reasons, we respectfully ask for the Committee to amend this provision and remove or modify the language which would “authorize the development, implementation, and full cost recovery” of energy waste reduction programs. If this language cannot be removed entirely, we would propose the Committee modify the energy waste reduction programs in the form of providing Michigan educational customers with “financial incentives for qualifying energy waste reduction measures” and allow for those educational customers to procure such measures at their discretion and apply for the financial incentives from the utilities.

We believe this approach would allow for greater access to the energy waste reduction program and enhance its cost-effectiveness by allowing educational customers to bundle such incented measures into larger capital projects



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of which they are planning for, maximizing their value. Under this proposal, the energy waste reduction measures would also be implemented at a lesser-cost of delivery, because they could be competitively-procured among the Michigan private sector that has longstanding experience in delivering energy efficiency projects. It would also allow for schools, community colleges and universities to leverage these incentives into larger energy efficiency retrofits which may already be under development.

In our view, this would be a more cost-effective and inclusive model for all relevant stakeholders in Michigan, and it would provide private sector companies with greater access to an energy waste reduction program.

Respectfully,



Ashley N. Patterson  
Vice President, Government Relations & Public Policy  
Ameresco, Inc.

