



May 5, 2016

Dear Chairman Nofs and Committee Members,

The Michigan Energy Innovation Business Council (Michigan EIBC) appreciates the continued opportunity to work with you, your team, members of the committee, and other stakeholders on comprehensive energy policy for Michigan.

Michigan EIBC crafts policy positions through regular discussion and engagement with our membership of 100 advanced energy companies doing business in Michigan. Michigan EIBC has focused on three key elements that should be central to any revisions to Michigan's energy framework. These include:

- **Maintain affordability** for ratepayers by maximizing **low-cost energy efficiency** and using **fuel-less generation sources to hedge against volatility** in fossil fuel prices;
- **Align ratepayer interests** with those of Michigan's utilities by **eliminating barriers to utilities integrating advanced energy solutions** into their business models; and
- **Spur innovation** and **drive down costs for ratepayers** by ensuring meaningful market access for third party energy providers.

The Michigan EIBC membership supports the successful policy framework built in PA 295 including the Renewable Portfolio Standard and Energy Optimization Standard that have helped drive billions of dollars in investment while helping Michigan ratepayers save money.

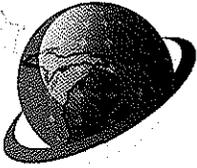
The current legislation currently under consideration, with SB 437 tie-barred to SB 438 and the dramatic repeal of the cost-saving policy framework, however, would move Michigan in the wrong direction. While Michigan EIBC is supportive of an Integrated Resource Planning process, we are not supportive of replacing the proven success of the current PA 295 framework with an untested planning process that does not incorporate clear energy and cost saving standards.

While the membership is clear on their support for the structure of PA 295, they are not dug in on how the policy is shaped to get Michigan to that outcome. There are likely new ways to construct language – for example the inclusion in S-2 of the goal language - that builds a broader base for support among committee members, Michigan EIBC welcomes the chance to work with all involved.

Our primary concerns:



- Eliminating the Energy Optimization standard will result in increased costs and reduced savings for ratepayers. Data from other states is clear: adding an IRP to an energy efficiency standard reduces energy costs, but an IRP without an efficiency standard is worse than an efficiency standard without an IRP process. Maintaining the efficiency standard as a baseline within an IRP process while adding incentives and eliminating the current cost caps is the best course – and is projected to save \$22 billion over the next ten years. *At a minimum, extending the phase out date from January 2019 to January 2025 would provide enough time to ensure the IRP is able to prove its ability to reduce energy waste and save ratepayers money.*
- Repealing the RPS is a mistake, and SB 437 and 438 miss an opportunity to spur even voluntary renewable energy development. Repealing the RPS would send the wrong signal to investors, developers, and the many corporations with renewable energy procurement goals that Michigan is closed for business to renewable energy. Repealing the RPS would be a largely symbolic gesture that is likely to result in substantial negative national attention and the loss of investment and jobs. The best course for additional renewable energy is to simply extend the current RPS that has proven to be successful over the past 8 years. At a minimum, the Legislature should set a clean energy goal of at least 40% by 2025. The Snyder administration concedes that we could meet the non-binding 30% without any additional renewable energy generation. Preserving the current requirement that independent developers have access to 50% of the Michigan renewable energy market will promote competition within our regulated system and reduce costs for ratepayers. Strengthening the green pricing program to allow those interested to receive the full benefits of renewable purchases – and ensuring that such purchases lead to additional renewable energy deployment – could make Michigan a leader in the voluntary renewable energy market. *At a minimum, we the Legislature should set a clean energy goal of at least 40% by 2025, leave the structure of the RPS in statute, and strengthen the green power pricing program.*
- The proposed changes to Net Energy Metering will kill residential solar in Michigan. Switching from net metering to buy all/sell all would destroy the economics of solar and result in no additional distributed-scale solar in Michigan. Disrupting the economics of distributed solar makes proposed improvements to net metering – such as increasing the cap to 10% of utility



load – highly unlikely to be achieved. The proposed changes are also unfair given that solar customers generate on peak – the same time utilities are paying the most for energy; net metering allows the utilities to acquire this energy for credits used at off-peak times. The best course would be to expand current system size and penetration limits within the current net metering framework. *At a minimum, lawmakers should pause the net metering discussion to allow for a process aimed at generating consensus – similar to the breakthroughs recently announced on net metering proposals in New York and Arizona.*

Sincerely,

Liesl Eichler Clark

President
Michigan Energy Innovation Business Council