

TESTIMONY ON SENATE BILL 438 (S-3)

May 25th, 2016

Good morning members of the Committee.

On behalf of the members of the Michigan Energy Efficiency Contractors Association and under the direction of its board, thank you for this opportunity to submit our final testimony on Senate Bills 437 & 438. My name is Brindley Byrd, executive director of MEECA.

In comparing SB438 (S-2) to SB438 (S-3) we see significant progress towards our long held goal to finds ways to expand Michigan's energy efficiency industry, utilizing our very successful Energy Optimization (to be known as Energy Waste Reduction) programs offered by Michigan's electric and natural gas utility companies.

These improvements include:

- 1) Elimination of the EWR spending cap.
- 2) Extension of the sunseting of the electric EWR programs to 2021.

These improvements build upon the provisions in SB438 (S-2) continuing the gas EWR programs in perpetuity – not only leaving in place the 0.75% natural gas savings standard, but also the descriptive language in statute detailing exactly what a natural gas EWR program is.

Including a tiered incentive mechanism paid to utility providers in SB437 and requiring EWR programming be included in Integrated Resource Plans is a strong step towards enticing electric utility providers to deploy robust EWR programs.

Predictability is a tenant in the core purpose of MEECA. SB438 (S-3) provides predictability for natural gas programs.

Unfortunately, SB438 (S-3) does not provide the same level of predictability for electric EWR programs. For this reason, MEECA is advancing our opposition to the previous bills to a position of neutrality on SB437 (S-3) and SB438 (S-3)

In discussing these bills with MEECA's president Walt Dindoffer, president of Development Solutions, Inc. he expressed concern for the value of his business as his business succession plan is to sell in five years. Development Solutions is the state's leading energy saver getting the most savings than any other energy efficiency contractor. Mr. Dindoffer is concerned that losing the infrastructure of PA 295 as it relates to electric EWR programs will potentially devalue his business as it could be otherwise by maintaining electric EWR programs in statute.

Sunsetting the electric EWR programs is unsettling to the energy efficiency industry and erodes predictability.

MEECA is very pleased with the progress shown by the Senators, Committee and Staff who have spent countless hours drafting, redrafting and re-redrafting these complex and comprehensive energy bills.

MEECA again reiterates its pledge to continue working together finding policies which will garner our full support. Maintaining language preserving the infrastructure of electric EWR programs would get that support.

On a technical note, the one percent electric saving standard shown on page 42 line 13 of SB438 (S-3) should be extended through the year 2021.

Thank you again for this opportunity to speak and for your personal efforts to secure Michigan's energy future.

Respectfully Submitted,



Brindley Byrd

Executive Director