



Introduction

Good afternoon, Chairman Bellino and members of the House Energy Committee. My name is John Richter, and I'm speaking here today on behalf of the Great Lakes Renewable Energy Association (GLREA), representing Michigan renewable energy businesses and owners. I am the GLREA's Policy Analyst, and a member of its Board of Directors. The GLREA has 340 members, including 47 business members. Most of our business members install solar energy systems, and are directly affected by the legal limit on required utility interconnection to distributed generation facilities. The GLREA urges the swift passage of this bill.

The 1% cap on the total amount of distributed generation which utilities are obligated to connect to the grid (on customer request) was created in PA 295 of 2008. The cap limits the number of Michigan homeowners, farmers, and businesses that can generate their own electricity, and sell any excess to their electric utility. That bill enacted net metering, which paid small scale solar and wind generators the full retail rate for electricity they generated and fed into the grid. The net metering program was closed as part of PA 342 of 2016, and replaced with the distributed generation (DG) tariff, which is based on the utility's cost of servicing the customer. Under the DG tariff, customers selling electricity back to their utility are getting paid only about half of the retail rate. Since it ended net metering, PA 342 should have done what this bill will do: eliminate the cap on the Michigan homeowners, farmers, and businesses who generate their own clean electricity and sell it back to the utility.

Please be aware that customer-owned generation is *extremely* small here in Michigan. The MPSC calculated that the distributed generation program, "presented only 0.07% of Michigan's total retail electricity sales at the end of 2019."¹ This tiny sliver of electricity generation has a negligible impact on the Michigan grid and the utility companies, but it has a significant impact on the Michigan homeowners, farmers, and businesses that choose to generate their own electricity during the day, and purchase electricity at night.

Michigan's electric utilities are State-chartered monopolies. There is no free market to disrupt. By State law, 90% of Michigan electric customers have no choice but to buy the electricity they need from their local monopoly utility, at MPSC established prices.² Those prices have been increasing rapidly in recent years. In May 2019, DTE increased residential

¹ MPSC, "Distributed Generation Program Report for Calendar Year 2019" December 2020, p 2, available at: https://www.michigan.gov/documents/mpsc/DG_and_LNM_Report_Calendar_Year_2019_711217_7.pdf

² MPSC, "Electric Customer Choice", accessed at: https://www.michigan.gov/mpsc/0,9535,7-395-93308_93325_93423_93501_93509---,00.html on 2/16/2021; also, MCL 460.10a (1) (c)

electric bills by an average of 8.7%³ and another 4.7% only a year later.⁴ Consumers Energy increased residential electric bills by an average 11.9% last December (2020).⁵ These increases are far above the annual inflation rate of only 1.4%.⁶ How can Michigan homeowners and businesses control their electricity costs? In most cases, a solar energy system is their best option to reduce their costs. There is simply no reason that the State should deny them that option with an arbitrary legacy cap.

This bill is not a case of the government imposing restrictions on a free market, it's just the opposite. This bill creates a cup of self-determination in a sea of State mandated monopoly. State chartered, regulated monopolies were created to serve the needs of residents and businesses; they should not be given the power to restrict them.

We urge you to support this bill, because it provides the option for homeowners and businesses to *choose* solar energy to provide their *own* power, saving money and protecting the environment.

Thank you for this opportunity testify, and I will take any questions that Committee Members may have.

John Richter

³ MPSC, *News Release May 2, 2019*, "MPSC approves DTE electric rate increase, EV pilot, denies system access charge for renewable energy", available at: <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000004SMCWAA4>, case U-20162

⁴ MPSC, *News Release May 8, 2020*, "MPSC approves DTE Electric rate increase as company works to modernize infrastructure, boost reliability", available at: <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000BxpIIAA1>, case U-20561

⁵ MPSC, *News Release December 17, 2020*, "MPSC approves \$100M Consumers Energy increase on electric rates to boost reliability and address aging infrastructure while maintaining affordability" available at: <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000HwIP4AAJ>, case U-20697

⁶ USInflationCalculator.com, "Current US Inflation Rates: 2000-2021", accessed at: <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>, on 2/16/2021