



November 4, 2015

House Energy Committee  
Lansing, Michigan

Re: Energy Package:

HB 4298 (H-3) - Residential Electrical Customer Tax - \$150 million per year  
HB 4297 (H-1) - Repeal of Energy Efficiency Programs

Dear Representatives,

The Michigan Environmental Council is a coalition of more than sixty-five environmental, conservation, and faith-based groups located across the state. In addition, we are one of many non-profit organizations that work across the state to protect residential ratepayers.

Michigan has made significant strides since 2008 to transition its energy sector to cleaner more sustainable systems. Energy efficiency programs are saving ratepayers more than \$100 million per year, and prices for renewable energy are at record lows. However, these bills threaten to significantly slow that progress and increase rates for residential ratepayers.

### **HB 4298(H-3)**

Public Act 169 of 2014 required a review of cost of service provisions. That proceeding commenced by the PSC on August 5, 2014 and resulted in the issuance of an order on June 30, 2015 re-allocating over \$100 million to the residential ratepayers and reducing primarily industrial ratepayers by the same amount. The Commission in that proceeding specifically found:

“Although DTE Electric and ABATE present a multitude of arguments regarding why an allocation method based 100% on demand is reasonable, appropriate, and normative, the Commission finds these arguments unpersuasive.”

The Public Service Commission made a virtually identical finding in the case concerning Consumers Energy.

HB 4298 (H-3) in Section 11(1) mandates the commission reverse their decision and adopt a cost allocation method the commission staff, administrative law judges, and commissioners found to be without merit. **The provision would have the immediate effect of taxing residential ratepayers an additional \$150 million per year for the purpose of subsidizing industrial ratepayers.**

**HB 4297 (H-1)**

Energy efficiency has been demonstrated to be the most cost effective method of meeting energy demand. For half the cost of just fueling traditional power plants we can assist Michigan's businesses and families in reducing their need for electricity and natural gas. HB 4297 (H-1) would repeal the certainty of Michigan energy efficiency programs and replace it with an integrated planning process which uncertain outcomes.

It also ends our commitment to transitioning to a greater use of renewable energy. Consumers Energy recently requested approval of a contract which they stated was their lowest cost contract ever and less than the marginal costs of operating its traditional power plants. This is the wrong time to pause our transition to long-term, low-cost energy.

We respectfully request committee members oppose the current drafts of HB 4298 and HB 4297.

Sincerely,

A handwritten signature in black ink, appearing to be 'J. Clift', written in a cursive style.

James Clift, Policy Director