MICHIGAN LEAGUE OF CONSERVATION VOTERS

Date: February 17, 2021
To: Members of the Michigan House Energy Committee
From: Hallie Fox, Government Affairs Legislative Aide | Nick Occhipinti, Government Affairs Dir
Re: Support for HB 4236 eliminating distributed generation cap

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Chairman Bellino and Members of the Committee on Energy:

Thank you for the opportunity for Michigan LCV to share our support for House Bill 4236, which would remove the 1% cap on distributed generation. HB 4236 will allow more homeowners and small businesses to generate their own clean, renewable, and affordable electricity, directly contribute to growth in Michigan clean energy jobs and businesses, and reduce carbon emissions and air pollution across the state. We urge the House Committee on Energy to pass this bipartisan reform to help both our environment and economy as we recover from the effects of COVID-19.

The 1% Cap is Even Smaller for Residents and Small Businesses

The 1% cap on distributed energy generation is based on peak demand in each utility's service area, and is split into three types of generation: 0.5% is reserved for residential generation, 0.25% for commercial generation, and 0.25% for small methane digesters. If the 1% cap on distributed generation is maintained, homeowners and small businesses will have less of an opportunity to generate their own energy than is implied by the language in the 2016 energy law.

Protecting Michigan's Environment and Reducing Air Pollution

Eliminating the 1% cap on distributed energy will enable Michigan to decrease carbon emissions and reduce air pollution across the state. As Michigan moves away from fossil fuels and towards renewable sources as the primary method for energy generation, corresponding reductions in macro and localized air pollution from coal and gas fired power plants will result in public health benefits for communities across the state. During the COVID-19 pandemic, research has associated pre-existing respiratory conditions caused by increased exposure to air pollution to more severe illnesses and

deaths - including in some of Michigan's most vulnerable communities. It is important to continue to work to decrease air pollution exposure by promoting clean energy growth.

Supporting Michigan Clean Energy Businesses Recovering From the COVID Downturn

Eliminating the 1% cap on distributed energy will remove artificial barriers to the growth of Michigan's solar industry. Before COVID-19 Michigan's solar industry was growing rapidly in light of decreasing installation and maintenance costs. Currently, our state is home to 249 renewable energy and energy efficiency companies who collectively employ 92,000 people. However, as utilities hit the existing 1% cap on distributed energy generation, these jobs will be at risk due to uncertainty in the sector and anticipated decrease in demand for renewable systems. Two utilities in particular, Consumers Energy and UPPCO, have already exceeded the statutory 1% cap, and DTE is on their way to hitting it themselves. As Michigan's economy recovers from the COVID-19 pandemic, is it critical that we do not artificially limit industry growth and job creation in the clean energy sector. Removing the 1% cap on distributed generation will provide market predictability for Michigan solar companies and their employees, allowing for long-term growth.

Thank you again for allowing Michigan LCV to voice its support for House Bill 4236. We urge the House Committee on Energy to swiftly pass this much needed bipartisan reform to our energy law to allow the solar industry to continue to grow, helping both our environment and economy as we recover from the effects of COVID-19.

On behalf of our statewide membership and our Board of Directors, Michigan LCV expresses our support of House Bill 4236. Michigan LCV reserves the right to score in favor of YES votes on this bill. Please do not hesitate to contact our organization to provide clarification or further detail about our official position.

Respectfully,
Hallie Fox
Government Affairs Legislative Aide
Michigan League of Conservation Voters