



To: House Energy Committee Members  
From: Charlotte Jameson, Program Director for Legislative Affairs, Energy, and Drinking Water,  
Michigan Environmental Council  
Date: February 17, 2021  
Re: Testimony on House Bill 4236

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Thank you, Chair Bellino, Majority Vice Chair Markkanen, Minority Vice Chair Manoogian, and members of the Committee for the opportunity to testify in support of House Bill 4236, which eliminates the outdated and arbitrary cap on distributed generation that currently exists.

The distributed generation cap that this bill refers to is a holdover from Michigan's landmark 2008 energy legislation, which put the net metering program in place. In 2016 Michigan updated its energy laws and eliminated net metering, replacing it with the distributed generation program with a tariff calculated based on the cost of service. However, despite significant growth in rooftop solar deployments, given that the DG caps still seemed distant and the large number of priorities in the 2016 legislation, the cap was left in place.

Fast forward to today and multiple utilities in the state have already hit their caps. The Upper Peninsula Power Company hit their 1% cap shortly after the 2016 legislation was passed, in large part due to the fact that the UP has some of the highest electricity rates in the country, and many residents are turning to generating their own power to offset costs. Only in a rate case before the Public Service Commission did UPPCO voluntarily agree to double the solar cap. Even with the cap increase, UPPCO reports that the new residential program is already 85% full. Then just a few months ago, while last session's version of this bill sat stagnant, Consumers Energy hit their cap and agreed to raise it to 2% with the new DG tariff in place. As the cost of rooftop solar continues to drop and public interest in the technology grows, utilities will continue to run into this issue.

It is MEC's position that this cap poses a significant barrier to small scale solar businesses and to Michiganders who have an interest in investing in clean and reliable energy. When the cap is reached in each utility's territory, it has the potential to completely shut down rooftop solar installations. Michigan was on track to become the leader in clean energy jobs in the Midwest, but since the pandemic struck, the state has lost an estimated 31,000 jobs in the first three months of the pandemic in the sector. Owners of small solar installation companies see the cap as leading to an uncertain future for small scale solar- limiting their desire and ability to hire Michiganders and grow their businesses in our state. If the state wants to bring those lost jobs

back and more, we can't afford to have an arbitrary legislative limit on small scale solar. Small scale solar installers were facing looming closure of the rooftop solar market when utilities hit the cap, but now they are facing these threats during a pandemic and the economic downturn.

Opponents of small scale solar sometimes claim that too many distributed solar systems will cause safety and reliability issues for the grid. I want to be clear that this bill in no way changes the safety precautions that are already in place. Every time someone requests to connect their system to the grid, the utility in question conducts a thorough assessment of the projected impact of the project and either approves it or requires updates or changes before the system can be connected.

Additionally, the new DG tariff is cost of service based, meaning that no subsidy between customers is occurring. Thus there is no economic or ratepayer reason to keep the cap.

In a time of intense hardship for the people of Michigan, this bill will allow the solar industry to continue to grow to meet Michiganders' demand for clean and affordable energy. MEC strongly supports the swift passage of HB 4236 through this committee and through the House and Senate. The benefits to our citizens, the economy and the environment will be manifold.

Sincerely,  
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