

The DTE logo consists of the letters "DTE" in a bold, blue, sans-serif font. To the right of the text is a stylized sunburst graphic composed of numerous thin, radiating lines that form a semi-circle on the left side and a full circle on the right side.

DTE

Written Comments:

DTE Energy

House Bills 4715 & 4716

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Good morning, Mr. Chairman, Vice Chairs, and members of the House Energy Committee. My name is Chuck Conlen and I am the Vice President of the Renewable Energy business for DTE Energy. I appreciate the opportunity to come before you today to share our perspectives regarding community solar and in particular, House Bills 4715 and 4716.

DTE is committed to getting as clean as we can as fast as we can, while taking reliability and affordability into account for our customers. Today, I am testifying in opposition to the bill package as this legislation is not needed to advance community solar, Michigan’s competitiveness, or our transition to a clean energy future. Through my remarks today, I plan to address the following:

1. First, this legislation is not needed. Michigan has many examples of community solar projects that have been developed within our current policy framework
2. Second, Michigan-based utilities, such as DTE, are innovating in this space by offering subscription-based voluntary programs that are rooted in local communities
3. Third, these bills would negatively impact customer affordability, threaten consumer protections, and increase Michigan’s exposure to the pitfalls of deregulated electric markets
4. Finally, these bills also risk Michigan’s transition to a clean energy future and overall adoption of renewable energy

First, let me start with why this legislation is not needed to advance community solar.

The U.S. Department of Energy defines community solar as: “any solar project or purchasing program within a geographic area, in which the benefits of a solar project flow to multiple customers such as individuals, businesses, nonprofits, and other groups. In most cases, customers are benefitting from energy generated by solar panels at an off-site array. Community solar customers can either buy or lease a portion of the solar panels in the array. These projects typically receive an electric utility bill credit for energy generated by their share of the community solar system - similar to someone who has rooftop panels installed on their home.”

Michigan has several projects that meet this definition.

Project Name	City	State	Utility	System Size (kW-AC)	Year of Interconnection
Solar Up North Alliance	Grawn	MI	Cherryland Electric Cooperative	40.49	2013
Homeworks Community Solar Garden	Portland	MI	Tri-County Electric Coop	16.08	2014
Spartan Solar	Cadillac	MI	Wolverine Power Supply Coop	1,121.48	2016
Grand Valley State University Community Solar	Allendale	MI	Consumers Energy Co	3,000.00	2016
Western Michigan University Community Solar	Kalamazoo	MI	Consumers Energy Co	1,000.00	2016
Marquette Board of Light and Power Solar	Marquette	MI	City of Marquette - (MI)	116.31	2017
SpartanSolar-MEC	Cassopolis	MI	Midwest Energy and Communications	668.77	2018
Escanaba Solar Project	Escanaba	MI	City of Escanaba	891.00	2019
Burcham Solar Park	East Lansing	MI	City of Lansing - (MI)	265.38	2019
L'Anse Community Solar Array	L'Anse	MI	Village of L'Anse - (MI)	110.50	2019

Source: National Renewable Energy Laboratory¹

As the table above shows, our state’s local municipalities and cooperatives have been developing and operating community solar projects since 2013, and have done so within the current policy and regulatory framework. These examples underscore why this legislation is unnecessary to advance community solar.

¹ Heeter, Jenny; Xu, Kaifeng; Chan, Gabriel (2021): Sharing the Sun Community Solar Project Data (Dec 2020, Revision). National Renewable Energy Laboratory. <https://data.nrel.gov/submissions/167>

Second, Michigan's utilities are innovating in the community solar space—specifically for DTE through our voluntary green program (VGP).

The 2016 Michigan Energy Policy Act included a provision that required all utilities to provide a voluntary green pricing program for renewable energy. DTE has taken this provision and leveraged it to produce one of the largest subscription-based community programs in the country. DTE's voluntary green-pricing program, MIGreenPower, allows customers to subscribe to locally-developed renewable projects, such as Isabella Wind Park and Lapeer Solar Park, and receive an on-bill credit approved by the Michigan Public Service Commission (MPSC) based on the customer's subscription level. MIGreenPower provides wind and solar energy to over 41,000 residential customers across southeast Michigan, and over 400 business customers such as Ford, General Motors, the University of Michigan, and the State of Michigan. These enrollment numbers continue to grow, as MIGreenPower is currently adding approximately 500 new residential customers each week.

DTE's MIGreenPower program has recently received approval from the MPSC to provide municipalities and interested parties with an "anchor-tenant" model that develops community solar projects in conjunction with communities for which DTE customers can directly subscribe to a specific solar project. The City of Ann Arbor recently signed a Memorandum of Understanding with DTE for a community solar project under this model.

MIGreenPower also has plans to partner with three other Michigan communities on community solar pilot projects for income qualified customers. Projects in Detroit, Highland Park, and River Rouge will provide low-income residents with 100% renewable energy. Customers will receive a bill credit estimated to be around \$25-30 each per month. DTE has agreed to fund a portion of these projects and will be seeking to partner with third party organizations to assist in funding these pilot projects.

The successful innovations by utilities through VGPs is another reason why this legislation is unnecessary to advance community solar in Michigan.

My third point is that as written these bills would negatively impact customer affordability, threaten consumer protections, and subvert Michigan's laws on electric markets.

For an example on customer affordability, look no further than the recent study released by Michigan State University which reveals that these projects are nearly 60% more costly than a community solar project offered by DTE.² The cost to install these private solar projects is \$1.73 per watt, when a DTE project comes in at \$1.10 for the very same watt of electricity. This is why supporters of these bills are seeking government-back financial incentives for these projects, which will come at the expense of our customers. This type of policy mistake was covered by my colleague Trevor Lauer last week, when he discussed how public policy decisions can negatively impact customer affordability.

The proposed legislation attempts this in a few specific ways: First, the legislation directs the MPSC to establish a bill credit that "results in robust community solar facility development." This language is designed to produce an above-market credit for subscribers to private projects. Credits that don't

² Miller, S. R., & Knudson, W. (2021). (rep.). *Expected Economic Contributions of Community Solar*. Michigan State University. Retrieved from <https://www.canr.msu.edu/resources/expected-economic-contributions-of-community-solar>.

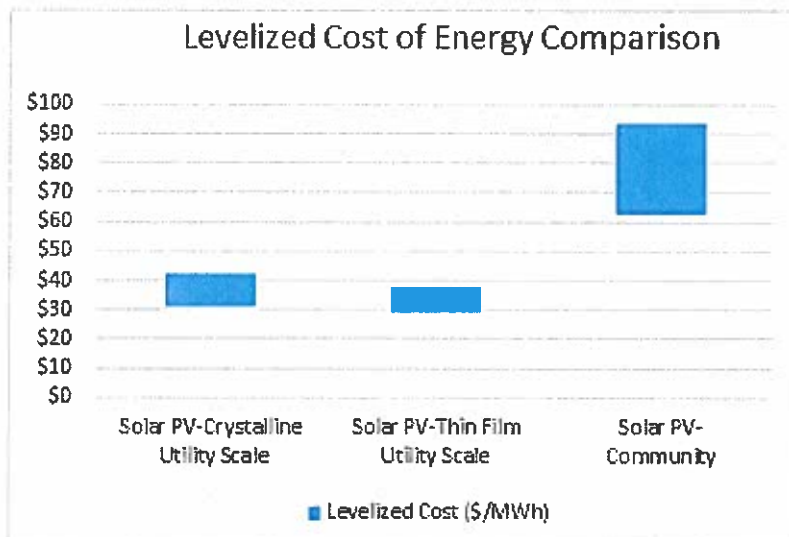
represent market-based prices will create cost shifting concerns similar to private (rooftop) solar. Second, these bills allow private projects to pass-off certain development and operating costs onto non-subscribing customers. HB 4715 does this in two ways:

- By allowing local energy companies to recover costs associated with the interconnection of private projects from all customers (regardless of whether they are a subscriber to a private project)
- And by mandating that each private community solar project be integrated with a utility's billing systems and IT platforms—costs of which are shared across all consumers

Constructive energy policies should avoid these mistakes and cost-shifts, and remain consistent with our established cost-of-service principles.

Regarding consumer protections, this legislation would exempt these private community solar projects from oversight by the MPSC for the rates they charge to subscribers, leaving consumer protections at risk. Without this oversight, subscribers to private solar projects could be subject to variable contracts and other predatory practices commonly seen in energy markets that are not regulated at the state level.

Finally, the policies proposed in these bills risk Michigan's transition to a clean energy future and overall adoption of renewable energy from all customers by placing a glut of unaffordable energy onto the grid. At a time when local energy providers, including DTE, are transitioning their generation fleet and investing in the electric grid to meet future customer needs, energy policies need to drive efficiency and affordability. Having public policy promote projects that are double or triple the cost is simply the wrong approach to addressing Michigan's competitiveness or clean energy transition.



Source: Lazard³

³ Anon, 2020. Levelized Cost of Energy Analysis, Version 14.0. Available at: <https://www.lazard.com/perspective/lcoe2020>.

In closing Mr. Chairman and members of the Committee, I want to thank you again for the opportunity to come before you to discuss how current energy policies in Michigan are helping local energy providers and municipalities establish community solar projects in a manner that is affordable and reliable for all residents and businesses. DTE believes it is important to continue to have thoughtful discussions on Michigan's energy future. Unfortunately, with all due respect, House Bills 4715 and 4716 have missed that mark.

Thank you. I welcome any questions.