



February 17, 2021

Michigan Conservative Energy Forum  
Testimony on House Bill 4236  
House Energy Committee

**MICEF strongly supports HB 4236 to remove the “cap” on the number of distributed generation (DG) customers who can supply excess energy to the grid for a fair value.** This is the fifth year of a process to implement Public Acts 341 & 342 of 2016 pertaining to distributed energy resources. HB 4236 is a natural and necessary progression of energy policy resulting from the bipartisan effort in 2016.

The 1% load limit utilities are required to accept from DG customers has become obsolete and unjustified in light of the 2016 law and advances in grid technology. When the cap was adopted in 2008, tying solar generation to the grid was in its infancy. The public policy decision to incentivize solar adoption by allowing a full retail compensation rate (aka “net metering”) was not designed as a permanent feature of the renewable energy market.

It should also be noted that the 1% limit and its three generation categories were not discussed or vetted by a House or Senate policy committee in 2008. The language was crafted as part of a conference committee report negotiated among stakeholders and conferees. The cap appeared only in the conference report, sent the floor of both chambers for a straight up or down vote, with no opportunity to debate or amend the language.

We now have a DG tariff established by the Michigan Public Service Commission, with rates for DG customers to pay for their inflow/use of electricity and to be credited for surplus electricity outflow. Those rates were established through contested rate cases. The MPSC worked meticulously to ensure that the rate paid to DG customers did not result in their being subsidized by non-DG customers.

**Per the MPSC’s work and its testimony, there is no cross-subsidization of DG customers. As was intended by the Legislature in 2016, the net metering subsidy is dead.**

We are dealing with well-proven technology and there are no technical or safety issues requiring a cap. Furthermore, the Commission will maintain jurisdiction over the DG program and can impose limits on participation should capacity or safety issues require limits in the future. HB 4236 will not result in a destabilized grid or energy market.

Others have testified to the devastating impact on the solar industry and the thousands of jobs it has created leaving this artificial market barrier in place would cause. We must not choke off good-paying jobs that cannot be outsourced elsewhere. Solar jobs are local jobs that are good for our economy.

MICEF offers its strongest endorsement of HB 4236 and respectfully urges the House Energy Committee to favorably report the bill to the House.