February 10, 2020

Energy and Technology Committee
Michigan State Senate
Lansing, Michigan 48909

Dear Senator,

On behalf of the 60,483 members and supporters of the Council Citizens Against Government Waste (CCAGW) in Michigan, I urge you to oppose SB 596, SB 597, and SB 598. These bills are intended to reform Michigan’s net metering law, but instead will impose more restrictive requirements to the detriment of the state’s energy market.

Net metering policies across the country almost uniformly require utility companies to purchase excess power from a rooftop solar customer at the (higher) full retail rate, rather than the (lower) wholesale rate, even though it would cost the utility companies less to produce the electricity themselves. These net metering policies help rooftop solar customers avoid paying for many of the fixed costs of the electric grid that they rely on for electricity day and night. As a consequence, there is substantial cost-shifting to non-solar customers to subsidize solar customers for utilizing the grid.

In 2008, Michigan created a 10 percent renewable energy portfolio standard to promote alternative energy sources in the state. This law was extended and expanded in 2016 to require that 15 percent of the state’s electricity must come from renewable sources by 2021. The legislation being considered by your committee would expand the subsidization of solar energy by creating a new distributed generation program (DGP) that modifies the definitions of true net metering and modified net metering, merging them into one common standard based on true net metering’s definition regardless of how the energy is generated. In addition, both SB 596 and SB 597 strip away the 1 percent cap and direct the DGP to be designed for no less than 20 years and prohibit a utility from restricting the number of customers in a DGP, unless the Michigan Public Service Commission authorizes the utility to do so.

Sound energy policy does not play favorites but allows all forms of energy to compete in a free market. SB 596, SB 597, and SB 598 would impose greater restrictions on energy providers and positions the state government to promote one utility framework over another.

Sincerely,

Thomas Schatz