



**ENVIRONMENTAL LAW & POLICY CENTER**  
Protecting the Midwest's Environment and Natural Heritage

# Michigan Solar Next Steps

Presentation to MPSC Solar Working Group  
April 29, 2014



## Purposes of Act 295 (2008)

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- a) Diversify the resources used to reliably meet the energy needs of consumers in this state.
- b) Provide greater energy security through the use of indigenous energy resources available within the state.
- c) Encourage private investment in renewable energy and energy efficiency.
- d) Provide improved air quality and other benefits to energy consumers and citizens of this state.



## MPSC goals for PA 295 programs:

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### (1) Resource diversity

*Consumers' proposal "fails to comport with the objective of Act 295 to **increase the diversity** of energy generation sources." (U-16543)*

### (2) Healthy market growth

*Solar programs should be "**long term, consistent**, and ... foster **steady growth**." (U-16543)*

*"The Commission has encouraged utilities to design their solar programs to **avoid the 'boom and bust' cycles** that can retard the growth of emerging businesses." (U-17302)*



## Consumers – Resource Diversity

Figure 8a. Resource Diversity pre-May 2011 Order

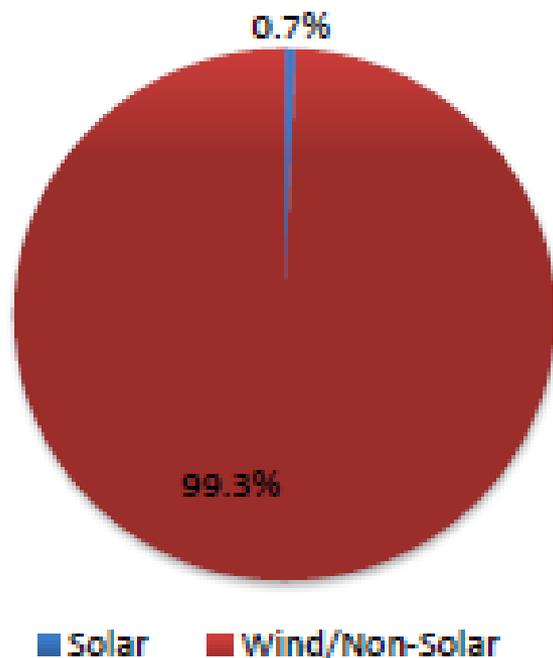
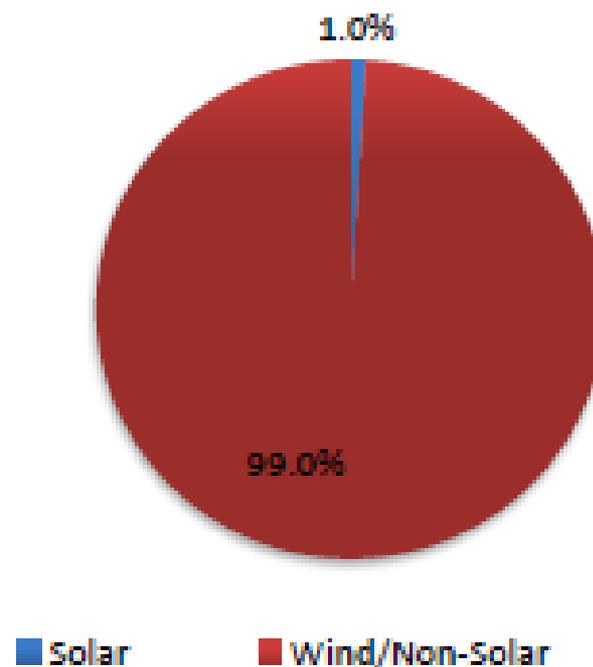
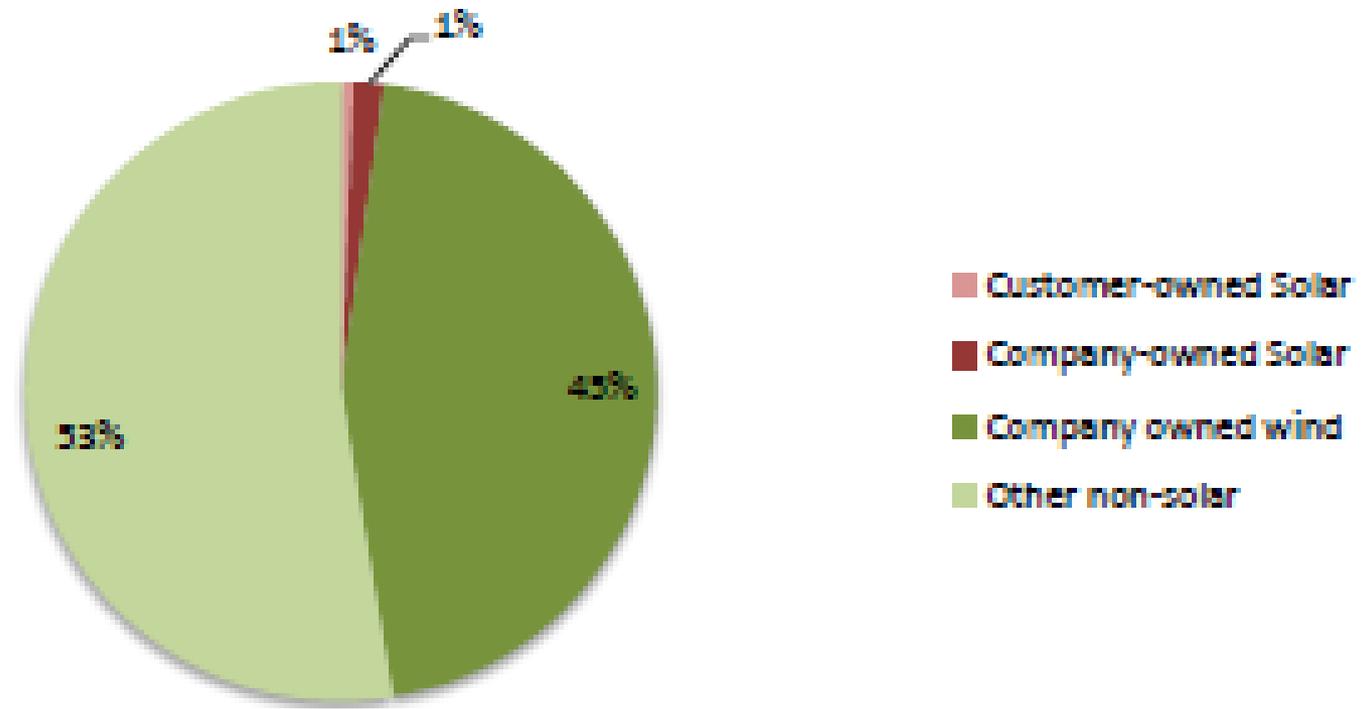


Figure 8b. Resource Diversity post-May 2011 Order



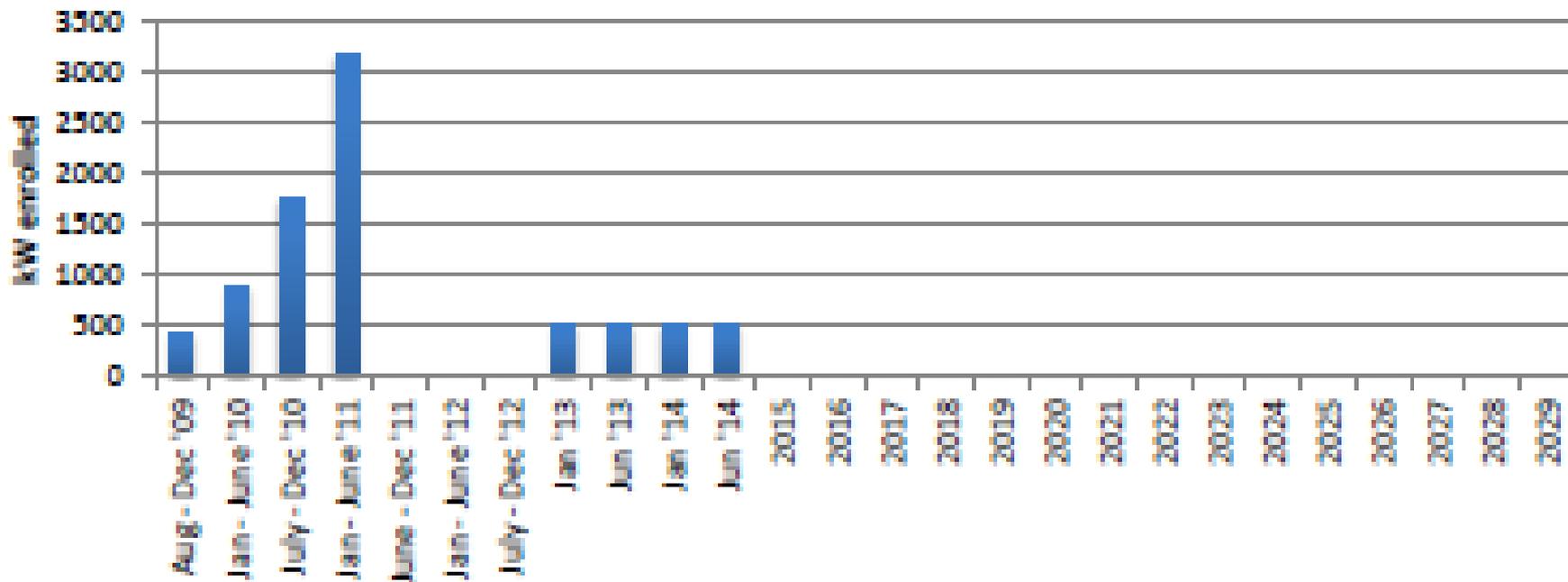
**Figure 8. Composition of Generation Resources in the Company's Renewable Energy Plan**





# DTE – Market Growth

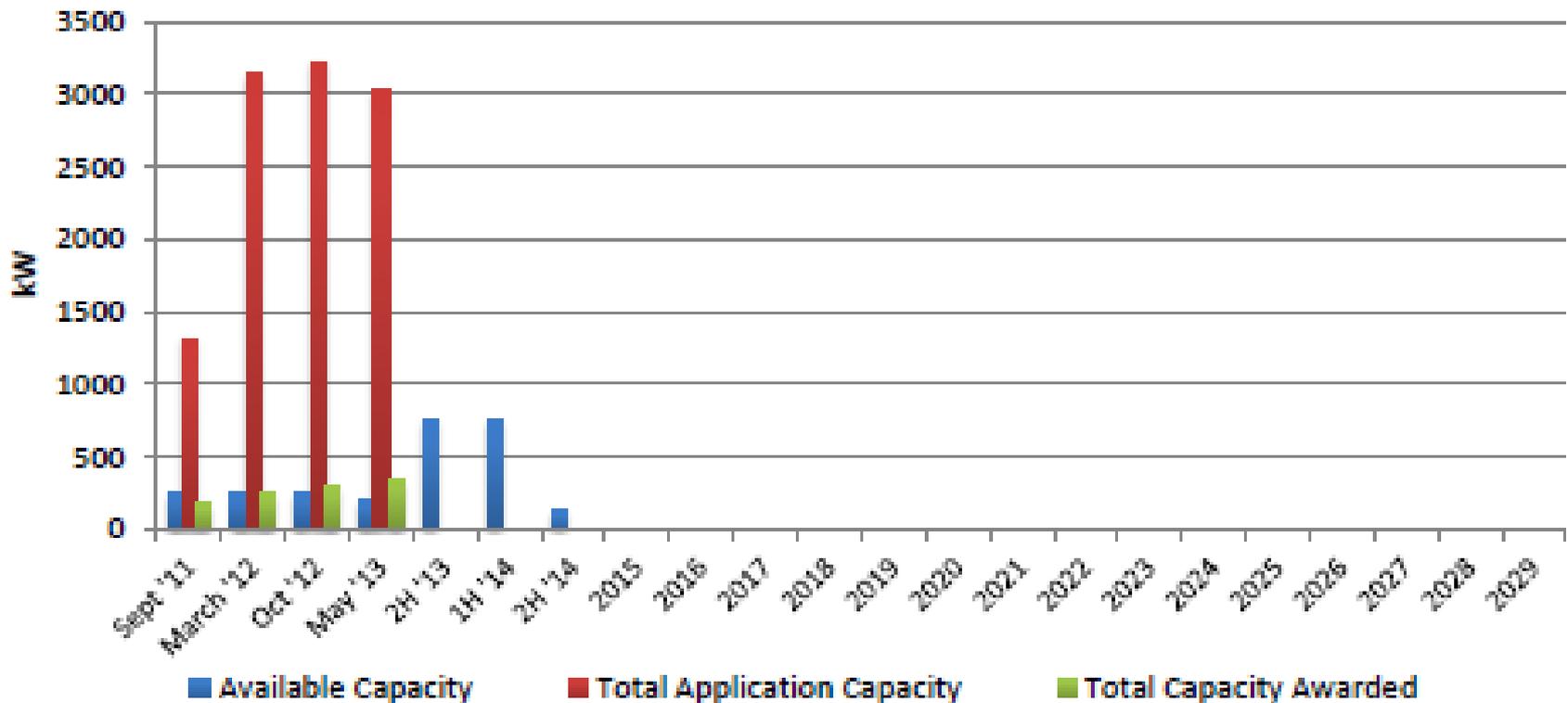
Figure 9. Enrollments in customer-owned SolarCurrents program





## Consumers – Market Growth

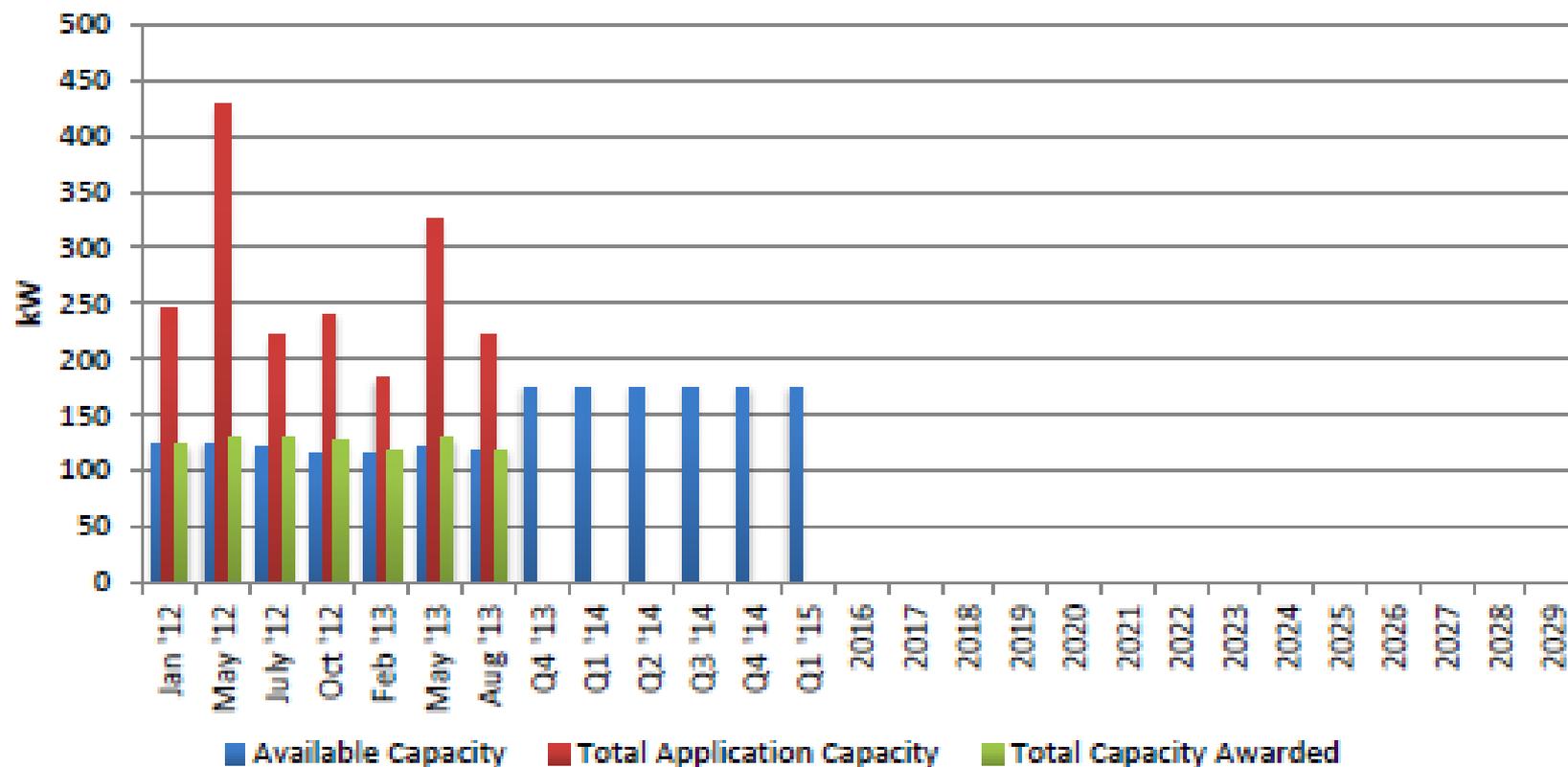
Figure 9. EARP-Solar Non-Residential Customer Class





# Consumers – Market Growth

Figure 10. EARP-Solar Residential Customer Class





## Take away...

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Existing solar programs are not meeting Act 295's resource diversity and market development goals.

- *Consumers' program "would create the 'boom and bust' cycles the Commission has previously indicated are a cause for concern." (U-17301, PFD)*
- *"Pent-up demand" for DTE's program "may indicate that the incentives need to be adjusted." (U-17302, Final Order)*



## Instructions for this Work Group

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THEREFORE, IT IS ORDERED that:

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- C. Within 60 days of the date of this order, the Commission Staff shall convene a work group, including representatives from DTE Electric Company and other interested stakeholders, to discuss and **determine possibilities for improving the company's customer-owned SolarCurrents program** including means for incorporating community solar into the program.

(U-17302)



## Goals

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- 1) Transparency
- 2) Simplicity
- 3) Cost effectiveness
- 4) Avoid “boom and bust”/ lottery
- 5) Create “bridge” to long-term growth



## One possible program design

- Blocks of capacity with declining price schedule
- Blocks fill on “first-come, first-served” basis
- Could be structured as rebate or PBI “sweetener” to existing net metering program.

	1	2	3	4	5
Small < 20 kW	X MW \$0.0X				
Large 20-500 kW	X MW \$0.0X				



## Program economics

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- Program could use funds *already collected* - surcharges would not increase.
  - \$15 M per utility?
  - 30 MW new capacity per utility?
- Advantages:
  - Comply with Act 295 / Commission orders
  - Take advantage of ITC
  - Drive costs down
  - Jobs



## Next steps

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- Vet and discuss program concept
- Develop specific cost model with program design working group
- Include discussion/recommendation in Staff Report
- Utilities file amended REPs.