



**Michigan
Agri-Business
Association**

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To: Chairman Aric Nesbitt and members of the House Energy and Technology Committee

Testimony from Jim Byrum, president of the Michigan Agri-Business Association

Energy efficiency and energy in general are very important issues to Michigan's growing agricultural sector. I have testified before on how modern agricultural businesses are requiring more electricity and natural gas as they grow. This is amplified by the fact they are frequently located at the "end of the line" for utility services. Additionally, the utilities have not focused on the unique needs of agribusiness.

Energy efficiency helps make Michigan agriculture more competitive by using technology to assist in reducing our consumption of energy and reducing variable costs. This is particularly important because Michigan's electric rates are higher than our competitors in surrounding states.

A food processing plant will make investment decisions based on their costs. Michigan's electric costs are simply too high compared to our neighbors which creates a disadvantage for investment. Energy efficiency programs can help mitigate those costs and reign in the cost of doing business in Michigan.

The information presented by the Public Service Commission recently to the House Energy and Technology Committee demonstrates the success of the current energy optimization program. The utilities are exceeding their goals, expenditures on energy efficiency have resulted in a net lifecycle savings to customers, reduced demand has avoided the need to add new generation capacity – and the costs associated, and there has been a net positive impact on the economy.

We request the Legislature continue the requirement that utilities have an energy optimization program as outlined in PA 295 or 2008. We believe without this public policy, utilities will revert to their “business as usual” mode of operation and not offer any programs, as was the case from 1996 through 2008.