



## 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 is a critical issue for Michigan's agriculture sector and for rural economic development. Michigan's agribusinesses tend to be located in rural areas or small towns that are often near the "end of the line" of the electricity distribution system. Modern agricultural businesses are continually requiring more and more natural gas and electricity as the industry grows, and businesses expand. Increasingly, businesses find that their growth is constrained because of the lack of sufficient power and gas.

Many agribusinesses have been frustrated that incumbent utilities have not been able to meet their energy in a timely fashion, if at all.

One opportunity we are watching closely is the ability of these businesses to produce their own power, a process called "distributed generation." This generation could provide at least a portion of the annual electrical demand of these businesses, especially in slower times of the year.

Farmers also have a great opportunity to make use of these technologies, and many already have. In the future, these on-site generating stations will become increasingly cost-effective to help meet rural power demand.

Some of the technologies that are being used in agribusinesses and on farms, or will be used in the future, include:

**Photovoltaic Systems (Solar):** A number of new technologies that are increasingly cost effective and competitive have been developed that use thin films impregnated with particular material mixtures and are commonly deployed as roofing materials. Dow Corning/Hemlock Semiconductor and Dow, both based in Michigan, are globally significant suppliers of the materials used in photovoltaic systems. Solar applications in general are becoming more cost competitive and are of increasing interest to members of the agriculture industry.

**Small Wind Turbines:** While large-scale wind turbines are generally not practical for an individual business or farm, smaller systems are becoming increasingly economical. There are already several of these systems in operation in rural areas.

**Anaerobic Digestion and other Biomass Gasification:** Technologies that convert farm or food processing waste to the equivalent of natural gas, which can then be used in a generator to produce power, are also becoming more common, and the science is also evolving rapidly. These systems can be an efficient way to meet energy needs while reducing waste and the potential for pollution. Also, some byproducts of gasification may also be commercially viable.

However, there are still some barriers to the widespread use of these technologies in rural Michigan. One such barrier is that the utilities generally have policies that discourage distributed generation.

Net metering has provided a limited opportunity for distributed generation but is generally limited to small generator capacities, and the processes to connect with the utilities have been cumbersome and complex.

DTE and Consumers Energy have only allowed small amounts of distributed generation as part of their renewable energy programs. Consumers Energy recently proposed to add a small amount of generation from anaerobic digester gas to their renewable energy program, but only about enough for one large farm.

All other distributed generation falls under their distributed generation tariffs.

I strongly urge you to direct the Michigan Public Service Commission to supervise the way in which utilities treat the growing trend of distributed generation by their customers. As Michigan agriculture grows, we need power, and this is one “home-grown” way to meet that demand.

