

**Senate Energy & Technology Committee:
Testimony in support of HB 5397 (Haveman),
"Municipal Utility Residential Clean Energy Program Act"**



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Before the Senate Energy and Technology Committee, Senator Mike Nofs, Chair

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Good afternoon Chairman Nofs and Committee Members. Thank you for allowing me the opportunity to speak with you today in support of House Bill 5397, the "Municipal Utility Residential Clean Energy Program Act."

Since our launch in December of 2013, the Michigan Conservative Energy Forum has worked to engage Conservatives in conversations on energy policy and to help develop and support conservative solutions to Michigan's Energy Future. Our mission was to provide a Conservative voice at the table and we appreciate the opportunity to serve as a member of the Senate Work Group addressing these issues.

I originally had the opportunity to testify in support of HB 5397 during the House E&T hearings in March and I am thrilled that you have chosen to take it up. This bill addresses a significant shortfall of current law and provides a practical solution for municipalities looking to expand energy efficiency programs and consumers looking to take advantage of these programs to make their homes more energy efficient.

Under current law, municipalities may create programs that provide property owners with the financing necessary to undertake expensive energy efficiency upgrades by allowing the property owner to make the upgrades and then pay for them using the realized energy savings over the useful life of the upgrade. However, current law applies only to Commercial and Industrial properties, making legislation necessary to allow municipalities the option to expand these programs to residential properties as well.

House Bill 5397, which passed the House with overwhelming bipartisan support, does just that. This bill supports the expansion of existing energy efficiency programs and allows for new ones to be developed if a municipality chooses to do so.

The Michigan Conservative Energy Forum strongly supports HB 5397 for several reasons.

1. HB 5397 features a truly **market driven** approach to expanding energy efficiency programs by utilizing a funding system that includes private institutions.
2. HB 5397 is a **creative energy solution** that invokes some of the conservative principles that the MI Conservative Energy Forum espouses: Local Control, Community Involvement, and, most importantly, a Voluntary system that works for the community and residential customer.

3. Finally, HB 5397 also offers a true solution to the market's current failure to address the issue of split incentives – How do we encourage energy efficiency programs in situations where the person living in the residence has no incentive to do upgrades? This seems most applicable in the area of rental properties.

In addition to being the Executive Director of the MI Conservative Energy Forum, I own six (6) rental homes in the mid-Michigan area and believe that HB 5397 would greatly incentivize energy efficiency improvements in the rental property market. Through the "on-bill financing" provision of the bill, HB 5397 would allow for Energy Efficiency incentives where both the Landlord and the Tenant would benefit from home improvements. Using on-bill financing, energy efficiency improvements and the corresponding energy bill savings would help the tenant, and would follow the home via electricity billings for successive tenants in the years following the upgrades.

According to a survey we commissioned earlier this year, 84% of the state's voters want Michigan to invest more in energy efficiency programs. The great thing about HB 5397 is that it encourages more investment in energy efficiency without demanding state funding to get the job done.

HB 5397 addresses a need faced by Michigan consumers with a creative solution that expands energy efficiency through individual investment opportunities. For this reason, we strongly support this bill and encourage the committee to report it to the full Senate with a favorable recommendation.

Thank you for allowing me the opportunity to speak with you this afternoon.

Respectfully Submitted,

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