

Lansing State Journal

NEWS

Michigan's 'ridiculous' solar panel laws a rare source of bipartisan ire

Carol Thompson Lansing State Journal

Published 7:01 a.m. ET Jun. 21, 2021 | Updated 9:44 a.m. ET Jun. 21, 2021

Steve Potter is decidedly conservative. He believes in small government, low taxes and outlawing abortion. He voted for Donald Trump in 2020.

Unlike Rob Kaercher, who votes with his eye exclusively on the climate. That usually means supporting the Democratic Party, like he did when he cast his vote for Joe Biden.

Both install solar panels in the Lansing area. They might find themselves on opposite sides of the aisle, but they're aligned on at least one thing: Michigan's renewable energy laws need to change.

"People who are Republicans, people who are Democrats, they can see eye to eye on this very easily," said Kaercher, CEO of Absolute Solar in Lansing. "We both believe in the same end goal, which is great. That's one of those things that gives me a lot of hope. We're finding some common ground here, and that's huge."

The push to reform Michigan's solar energy policy has emerged as a rare spot of bipartisanship in a state where the Republican-controlled legislature and Democratic governor's administration gridlock on budgets, the coronavirus, even the makeup of the Board of Mechanical Rules.

Here's why: Michigan limits the amount of energy that homeowners can contribute to the grid in much of the state and a few years ago reduced the amount of money people earn when they send their excess power back to the grid. SolarReviews.com, a residential solar panel consumer guide, places Michigan near the bottom of its latest ranking of solar-friendly states.

The people pushing for renewable energy reform run the ideological gamut, said Kaercher and Potter, owner of Country Air & Solar Energy LLC in Charlotte. Some customers get solar panels for altruistic reasons, like reducing their carbon footprints. Others want to flex their property rights and secure some off-grid independence. Most of them want to save money.

"Public opinion is at an all-time high right now for solar," Potter said. "To have it be reduced, or stalled or affected in any way right now is just ridiculous and unacceptable."

The devilish details of home-generated power

Power companies, residential solar advocates and regulators agree that renewable energy is in Michigan's future. They squabble over details.

First detail: the cap.

Michigan limits the amount of residential renewable energy production regulated utilities like DTE Energy and Consumers Energy are allowed to source. They can only produce 1% of their power through sources like rooftop solar panels, small-scale wind turbines and methane digesters.

Non-regulated utilities, including the Lansing Board of Water & Light, are not subject to that cap and other Michigan Public Service Commission rules. BWL has about 100 customers with solar panels connected to the grid.

The cap is a holdover from a 2008 law that set statewide renewable energy standards and outlined how regular Michiganders could generate power for the grid.

It made sense at the time, Michigan Public Service Commission Chair Dan Scripps said, since the state was relatively new to homegrown power. Nowadays, he thinks the cap is arbitrary and could make people shy away from installing panels.

"If you hit the cap, there's some uncertainty about what happens next and what your level of compensation is for the energy you're producing," he said. "It's important we aren't putting artificial, arbitrary barriers in place for folks who want to generate their own power."

Upper Peninsula Power Co. and Consumers have hit the cap. Both volunteered to raise it higher so more customers could connect their panels to the grid.

But solar power is popular enough that a 2% or 3% cap won't do either, Scripps said.

"It's kind of a Band-Aid solution to the issue," he said. "We're just going to be right back where we are now in a year or so."

Consumers is supportive of raising the state cap on residential renewable energy beyond 1%, said Brandon Hofmeister, senior vice president of regulatory and public affairs.

Before removing it entirely, he thinks the payment plan for renewable energy should be renegotiated, perhaps by adding a monthly fee for customers with solar panels or reducing the price it pays for customers' extra solar power.

"I think we can put a lot more solar on our system over time," he said. "I think these concerns can also be addressed."

Hofmeister raised the second sticky detail: pricing.

People with solar panels use the energy they create while they create it. Sometimes there isn't enough, so they draw juice from the regular power grid and pay the regular retail rate. Other times, like on sunny afternoons, they create extra energy they can sell back to their utility.

The dividing lines are predictable. Solar advocates think homeowners should be paid more for the energy they send to the grid. Utility companies think homeowners should be paid less. Regulators are somewhere in between.

Previously, regulated utility companies paid the same amount for solar producers' extra energy that they charged customers. That was called "net metering," as in a one-for-one exchange of the cost of power in and pay for power out.

A law passed in 2016 did away with the generous payment system. Now, small-scale solar and wind producers are paid less for the power they return to the grid under a new payment program called "distributed generation."

Nixing net metering ensures people with solar panels contribute to the utility's cost of maintaining the grid, Scripps said. But rooftop solar isn't all bad for utilities.

"That's money the utility doesn't have to spend," he said. "There are benefits to non-solar customers from having those folks put solar on their roofs."

A bipartisan group of legislators are pushing, again, to remove the state-mandated cap on small-scale renewable energy production. It remains in the House Committee on Energy.

Installing solar panels is good business, for now

The cost of solar panels has decreased dramatically since they went to market. Lately, life as a solar installer has been good.

But getting rid of net metering and reducing the rate utilities pay for residential solar energy means it takes longer for a customer to save enough on energy to justify the cost of a solar

array. That makes them harder to sell.

"When I have to send a proposal that shows a two- or three-year longer payback because of distributed generation, that's a pretty big disincentive for people do this," Kaercher said. "If we reach a cap [and hit] the point where major utilities are not allowing for interconnection to the grid, to be honest, I don't know what that means for us. I might have to lay everyone off. That's a worst-case scenario."

He is incensed at the utilities' suggestion they pay even less for homeowners' solar energy.

"I can't believe this argument is happening," he said. "When do they get enough?"

Capturing solar energy at home was a revelation for Potter, who now installs solar arrays in rural Eaton County. He raised three kids on a tight budget, often repeating "turn the lights off, turn the lights off."

"I wanted to keep my bill as low as possible," he said.

Now, at 68, he does, with solar panels that power his home and his electric car that "runs on sunshine."

He's frustrated that bills pushing to remove the 1% cap or pay solar energy producers more have stalled.

"If I have any legacy after I pass, it's because I saved many, many tons of carbon in the Eaton County area," he said. "And it's been my pleasure. If the business drops off, I won't even be concerned about trying to sell it. It's a shame."

More: Three steps Michigan can take to prepare for the EV revolution

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