



Michigan Public Service Officials Refuting Distributed Generation Subsidy Claims

“The 1% cap was cautionary... since then, we’ve learned from other states that there is no engineering need for a systemwide cap.” - Dan Scripps (PSC Commission Chair), [House Energy Hearing from 2.17.21, timestamp 21:03 - 21:16](#)

“Under current statute, there’s not an economic need for a cap. We’ve addressed the cross subsidization issues” - Dan Scripps (PSC Commission Chair), [House Energy Hearing from 2.17.21, timestamp 22:18 - 22:30](#)

“From the standpoint of the Commission... there is not a cost shift.” - Mike Byrne (Operations Director MPSC), [Senate Energy Hearing from 9.14.21, timestamp 48:18 - 48:31](#)

“[Distributed generation] customers are clearly not avoiding payment for their use of the grid.” - [Smart Rate Design Report for DERs, pg 5](#)

“The [current] inflow/outflow framework ... provides different ways to manage cost shifts as a part of a balanced overall rate-making decision.” [Smart Rate Design Report for DERs, pg 42](#)

“Under currently typical rate designs, there is little concern with cost shifting due to adoption of distributed generation by medium and large commercial and industrial customers” [Smart Rate Design Report for DERs, pg 7 footnote](#)

Fairly Compensating Producers for Excess Benefits: Minnesota Value of Solar Study

In 2013, the Minnesota Public Utilities Commission was directed to quantify the value of distributed solar (VOS). To calculate a utility’s VOS figure, the Minnesota PUC included several benefits that solar producers add to the grid which lower costs for all ratepayers (called avoided costs). The following eight factors were identified as excess financial benefits to the grid, leading to the current 11 cents/KWh VOS rate in the state:

- Avoided fuel cost
- Avoided plant operation and maintenance — fixed
- Avoided plant operation and maintenance — variable
- Avoided generation capacity cost
- Avoided reserve capacity cost
- Avoided transmission capacity cost
- Avoided distribution capacity cost

- Avoided environmental cost

In comparison, DTE currently only compensates distributed generation customers 3.9 cents/KWh for the excess energy they produce.

[Smart Rate Design Report for DERs, Appendix D](#)
[MPSC Cost of Service Report \(2018\), Appendix E](#)