



## Small Business Association of Michigan Energy Policy

SBAM supports energy policy that is constructed around the core pillars of **Affordability** and **Reliability**. Energy must be both affordable and reliable for small businesses to survive and grow. This policy is part of a larger context of fostering an environment of success around entrepreneurs and small businesses who provide about half of all jobs in Michigan. Energy is a core essential input to business and life in a modern society.

Energy generation should be more market-driven, and less government-mandated. SBAM opposes government-mandated energy portfolio changes that will result in increases for commercial ratepayers. State energy policy should support innovation and technology deployment based on free market principles. Laws regulating the utilities should not be so rigid as to stifle investment in infrastructure and innovation.

### **Affordability**

For some industries, such as manufacturing, energy costs represent a high share of operating costs. But energy is an essential element for all businesses to varying degrees. When rates increase due to government mandates and policies, it hinders entrepreneurs' ability to compete in an increasingly global economy. Energy policies should seek to mitigate the effects of rising energy costs and encourage affordability and competitiveness for small businesses in Michigan.

Energy policy must be economically feasible and technologically reasonable. Energy policy and regulations should not be synonymous with aspirational goals that rely on yet-to-be invented technologies or concepts not commercially available/viable. Safeguards must be in place to ensure that when steps are taken to increase the use of renewable energy or reduce carbon emissions, small businesses are protected from high energy rates.

SBAM is supportive of policies that would promote energy efficiency and incentivize small businesses to reduce energy waste. These initiatives can encourage proactive small business owners to lower their energy costs, while also reducing the overall strain on the grid. Rates must be commensurate with actual use rather than favoring certain consumer classes over others. SBAM opposes economic development rates that give special breaks to certain consumers if they result in shifting costs to other ratepayers.

## **Reliability**

Our economy requires reliable energy to function. It should operate in the background for small business owners without concern of availability on hot summer days or during winter storms. Outages, blackouts, and brownouts lead to unpredictability and disruption of business, sometimes for extended periods of time.

To ensure reliability, our grid must be resilient. SBAM advocates for investment in infrastructure modernization and maintenance to ensure the availability of energy required for business to flourish. Steps must be taken to ensure our grid is resistant to natural forces and other disruptions.

Another key feature of a resilient grid is the use of diverse energy sources with a reliable base that is always available, regardless of weather or time of day. SBAM supports efforts to diversify the portfolio of energy sources, including existing, emerging, and future technologies so long as those sources are reliable and small businesses are protected from increased costs. Priority should be given to local, in-state resources. Any mandated transition of energy sources must be durable, while also supporting economic growth.

## **Rate Setting**

The state should ensure that energy consumers pay a rate that is commensurate with actual use, rather than favoring certain consumer classes. Economic development rates which give special pricing to certain consumers should not shift energy costs to small businesses.

## **Carbon Reduction**

As the state continues to pursue policies that reduce carbon emissions, those policies need to be balanced against factors such as affordability and reliability which both impact Michigan's competitiveness and economic growth potential. They should also be reasonable transition periods and incorporate the generally accepted practices of carbon offsets and sequestration.

## **Decentralized or Distributed Generation**

State policy should accommodate small businesses that decide to generate their own electricity. Small businesses have varying reasons for generating their own electricity, including reducing their reliance on traditional power sources, controlling more of their costs, and taking individual steps to reduce their carbon footprint. Those who choose to generate their own electricity should have the opportunity to remain connected to the grid and be able to participate in net metering opportunities with reasonable rates.