

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Licensing and Regulatory Affairs

Bureau name:

Public Service Commission

Name of person filling out RIS:

Lisa Gold

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Rule Set Information:

ARD assigned rule set number:

2020-95 LR

Title of proposed rule set:

Electric Interconnection and Net Metering Standards

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

The Public Service Commission (PSC) promulgated the Electric Interconnection and Net Metering Standards in 2009 by the authority conferred on the public service commission by section 6 of 1909 PA 106, MCL 460.556, section 5 of 1919 PA 419, MCL 460.55, sections 4, 6, and 10e of 1939 PA 3, MCL 460.4, 460.6, and 460.10e, and section 173 of 2008 PA 295, MCL 460.1173. Now, in 2020-96, the PSC is promulgating the Interconnection and Distributed Generation Standards, which are an update to the Electric Interconnection and Net Metering Standards necessitated by advances in distributed energy resource (DER) technology and an increase in distributed generation penetration on the distribution systems in Michigan. The Interconnection and Distributed Generation Standards are promulgated pursuant to the same authority as, and replace, the Electric Interconnection and Net Metering Standards, which are being rescinded concurrently with the approval of the new rules in 2020-96. Since the old rules are being rescinded in their entirety, there are no proposed rules.

A. Are these rules required by state law or federal mandate?

These rules are being rescinded in their entirety, and are not required by state or federal mandate.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

These rules are being rescinded in their entirety and do not exceed a federal standard.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

These rules are being rescinded in their entirety, so there is no proposal.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

These rules are being rescinded in their entirety, so there is no proposal.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

These rules are being rescinded in their entirety, so there is no proposal.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

These rules are being rescinded in their entirety.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

These rules are being rescinded in their entirety.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

These rules are being rescinded in their entirety, so there is no behavior targeted.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

B. Describe the difference between current behavior/practice and desired behavior/practice.

These rules are being rescinded in their entirety, so there is no targeted behavior.

C. What is the desired outcome?

These rules are being rescinded in their entirety, so there is no proposal.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

These rules are being rescinded in their entirety, so there is no targeted harm.

A. What is the rationale for changing the rules instead of leaving them as currently written?

These rules are being rescinded in their entirety. They are not being changed.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

These rules are being rescinded in their entirety, so there is no proposal.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

These rules are being rescinded in their entirety.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

These rules are being rescinded in their entirety, so there is no impact.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

These rules are being rescinded in their entirety, so there is no proposal.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

These rules are being rescinded in their entirety. They are not needed.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

These rules are being rescinded in their entirety, so there is no impact.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

These rules are being rescinded in their entirety, so there is no proposal.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

These rules are being rescinded in their entirety.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

Rural Impact

16. In general, what impact will the rules have on rural areas?

These rules are being rescinded in their entirety, so there is no rural impact.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

These rules are being rescinded in their entirety, so there is no affect.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

These rules are being rescinded in their entirety, so there is no impact.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

These rules are being rescinded in their entirety, so this was not considered.

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

These rules are being rescinded in their entirety, so there is no proposal to affect small business.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

These rules are being rescinded in their entirety, so there is no proposal.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

These rules are being rescinded in their entirety, so there are no proposed reporting requirements.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

These rules are being rescinded in their entirety, so there is no proposal.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

These rules are being rescinded in their entirety, so there is no impact.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

These rules are being rescinded in their entirety, so there is no reporting requirement.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

These rules are being rescinded in their entirety, so there is no cost.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

These rules are being rescinded in their entirety, so there is no associated cost.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

These rules are being rescinded in their entirety, so there is no proposal.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

These rules are being rescinded in their entirety, so there is no cost.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

These rules are being rescinded in their entirety, so there is no proposed impact on small business.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

A. If small businesses were involved in the development of the rules, please identify the business(es).

These rules are being rescinded in their entirety, so there is no rule development to describe.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

These rules are being rescinded in their entirety, so there is no cost.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

These rules are being rescinded in their entirety, so there is no proposal.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

These rules are being rescinded in their entirety, so there is no additional costs.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

These rules are being rescinded in their entirety, so there is no compliance cost.

A. How many and what category of individuals will be affected by the rules?

These rules are being rescinded in their entirety, so there are no proposed affected individuals.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

These rules are being rescinded in their entirety.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

These rules are being rescinded in their entirety, so there are no costs of compliance.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

These rules are being rescinded in their entirety, so there are no proposed benefits.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

These rules are being rescinded in their entirety, so there is no proposed impact.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

These rules are being rescinded in their entirety, so there are no proposed affected individuals or businesses.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The decision to rescind these rules was made by the Staff of the Renewable Energy Section of the Energy Resources Division, of the Public Service Commission.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

These rules are being rescinded in their entirety due to the need to promulgate new rules, as proposed in 2020-96, for interconnection and distributed generation. The rescinded rules have become outdated.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

These rules are being rescinded in their entirety.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

These rules are being rescinded in their entirety, and no statutory amendments are necessary.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

These rules are being rescinded in their entirety.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

These rules are being rescinded in their entirety.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

These rules are being rescinded in their entirety, so there are no special instructions required.