



**House
Legislative
Analysis
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EQUAL RATES FOR RECOVERY FACILITIES

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JUL 06 1988

House Bill 5591

Sponsor: Rep. James A. Kosteva

Committee: Conservation & Environment

Michigan State Law Library

Complete to 6-6-88

A SUMMARY OF HOUSE BILL 5591 AS INTRODUCED 5-2-88

The bill would amend current law to require the Public Service Commission to coordinate with the Department of Natural Resources to prioritize and develop a strategy for the establishment and utilization of resource recovery facilities ("waste-to-energy" incinerators) in the state through the approval and execution of power sales contracts between public utilities and resource recovery facilities which were not contingent upon capacity charges of other energy production facilities. The bill would require public utilities to enter into power sales contracts with resource recovery facilities. Under the bill, the capacity rate component of all power sales contracts would not be less than 5.34 cents per kilowatt-hour during on-peak energy demand periods, and 4.54 cents per kilowatt-hour during off-peak periods. All power sales contracts would be reviewed and approved by the commission to insure compliance with the bill. The commission would also have the authority to require that a power sales contract be executed between a public utility and a resource recovery facility. Despite other sections of the law, if the commission had not approved a request for approval of a power sales contract by July 31, 1988, for those resource recovery facilities which had negotiations with a public utility prior to August 26, 1986, then the capacity and energy rates of the power sales contract would be considered approved. Further, if by July 31, 1988 the commission had not approved a request filed prior to March 2, 1988 for approval of a power sales contract by a resource recovery facility that served a geographical region not served by a facility which had negotiations with a public utility prior to August 26, 1986, then the capacity and energy rates of the power sales contract would be considered approved.

House Bill 5591 (6-6-88)

MCL 460.6p