

# HOUSE BILL No. 4880

September 17, 2015, Introduced by Reps. Irwin, Robinson, Hovey-Wright, Sarah Roberts, Dianda, Cochran, McBroom and Inman and referred to the Committee on Energy Policy.

A bill to amend 2008 PA 295, entitled  
"Clean, renewable, and efficient energy act,"  
(MCL 460.1001 to 460.1195) by adding sections 177a and 178.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           **SEC. 177A. BOTH OF THE FOLLOWING APPLY TO NET METERING**  
2           **CUSTOMERS WITH ELIGIBLE ELECTRIC GENERATORS NOT CAPABLE OF**  
3           **GENERATING 500 KILOWATTS OR MORE:**

4           **(A) THE CUSTOMERS QUALIFY FOR TRUE NET METERING.**

5           **(B) THE CREDIT PER KILOWATT HOUR FOR KILOWATT HOURS DELIVERED**  
6           **INTO THE UTILITY'S DISTRIBUTION SYSTEM SHALL BE THE CUSTOMER'S**  
7           **RETAIL RATE, OR FOR NET METERING CUSTOMERS ON A TIME-BASED RATE**  
8           **SCHEDULE, THE CUSTOMER'S RETAIL RATE DURING THE TIME-OF-USE PRICING**  
9           **PERIOD.**

10           **SEC. 178. (1) AN ELECTRIC PROVIDER MAY APPLY FOR COMMISSION**  
11           **APPROVAL FOR AN ALTERNATIVE RATE THAT COMPENSATES A CUSTOMER**

1 THROUGH A BILL CREDIT FOR THE VALUE TO THE ELECTRIC PROVIDER, ITS  
2 CUSTOMERS, AND SOCIETY FOR OPERATING A DISTRIBUTED GENERATION  
3 RESOURCE THAT IS NOT CAPABLE OF GENERATING 500 KILOWATTS OR MORE  
4 AND THAT IS INTERCONNECTED TO THE SYSTEM AND OPERATED BY THE  
5 CUSTOMER PRIMARILY FOR MEETING THE CUSTOMER'S OWN ENERGY NEEDS. IF  
6 THE COMMISSION APPROVES THE ALTERNATIVE RATE, IT APPLIES TO A  
7 CUSTOMER INTERCONNECTION OCCURRING AFTER THE DATE OF APPROVAL. THE  
8 ALTERNATIVE RATE IS IN LIEU OF THE APPLICABLE RATE UNDER SECTION  
9 177(4) OR ANY OTHER RATE UNDER THIS PART.

10 (2) THE COMMISSION SHALL, AFTER NOTICE AND OPPORTUNITY FOR  
11 PUBLIC COMMENT, APPROVE THE ALTERNATIVE RATE IF THE ELECTRIC  
12 PROVIDER HAS PROPOSED A PLAN TO ESTABLISH AND IMPLEMENT AN  
13 ALTERNATIVE RATE THAT MEETS ALL OF THE FOLLOWING:

14 (A) APPROPRIATELY APPLIES THE METHODOLOGY ESTABLISHED BY THE  
15 COMMISSION UNDER SUBSECTION (4).

16 (B) INCLUDES A MECHANISM TO ALLOW RECOVERY OF THE COST OF  
17 SERVING CUSTOMERS WHO ARE COMPENSATED AT THE ALTERNATIVE RATE.

18 (C) CHARGES THE CUSTOMER FOR ALL ELECTRICITY CONSUMED BY THE  
19 CUSTOMER AT THE APPLICABLE RATE SCHEDULE FOR THE ELECTRIC  
20 PROVIDER'S SALES TO THAT CLASS OF CUSTOMER.

21 (D) CREDITS THE CUSTOMER FOR ALL ELECTRICITY GENERATED BY THE  
22 DISTRIBUTED GENERATION DEVICE AT THE ALTERNATIVE RATE ESTABLISHED  
23 UNDER THIS SUBSECTION.

24 (E) APPLIES THE CHARGES AND CREDITS IN SUBDIVISIONS (C) AND  
25 (D) TO A MONTHLY BILL AND APPLIES THE UNUSED PORTION OF THE CREDIT  
26 IN ANY MONTH OR BILLING PERIOD TO BE CARRIED FORWARD AND CREDITED  
27 AGAINST ALL THE ELECTRIC PROVIDER'S CHARGES. IF THE CUSTOMER HAS A

1 POSITIVE BALANCE AFTER THE 12-MONTH CYCLE ENDING ON THE LAST DAY IN  
2 JANUARY, THAT CREDIT BALANCE IS PAID TO THE CUSTOMER AT THE  
3 ALTERNATIVE RATE AND THE 12-MONTH CREDIT CYCLE RESTARTS WITH THE  
4 NEXT BILLING PERIOD.

5 (F) COMPLIES WITH ANY APPLICABLE SIZE LIMIT SPECIFIED IN THIS  
6 PART.

7 (G) COMPLIES WITH THE INTERCONNECTION REQUIREMENTS UNDER  
8 SECTION 173.

9 (H) COMPLIES WITH THE STANDBY CHARGE REQUIREMENTS ESTABLISHED  
10 BY THE COMMISSION FOR NET METERING CUSTOMERS.

11 (3) A PROVIDER SHALL PROVIDE TO THE CUSTOMER THE METER AND ANY  
12 OTHER EQUIPMENT NEEDED TO PROVIDE SERVICE UNDER THE ALTERNATIVE  
13 RATE.

14 (4) THE COMMISSION SHALL ESTABLISH A DISTRIBUTED GENERATION  
15 VALUE METHODOLOGY FOR USE IN SUBSECTION (2) (A) NOT LATER THAN 180  
16 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
17 SECTION. WHEN DEVELOPING THE DISTRIBUTED GENERATION VALUE  
18 METHODOLOGY, THE COMMISSION SHALL CONSULT STAKEHOLDERS WITH  
19 EXPERIENCE AND EXPERTISE IN POWER SYSTEMS, RENEWABLE ENERGY, AND  
20 ELECTRIC PROVIDER RATEMAKING REGARDING THE PROPOSED METHODOLOGY,  
21 UNDERLYING ASSUMPTIONS, AND PRELIMINARY DATA.

22 (5) THE DISTRIBUTED GENERATION VALUE METHODOLOGY ESTABLISHED  
23 BY THE COMMISSION SHALL, AT A MINIMUM, ACCOUNT FOR THE VALUE OF  
24 ENERGY AND ITS DELIVERY, GENERATION CAPACITY, TRANSMISSION  
25 CAPACITY, TRANSMISSION AND DISTRIBUTION LINE LOSSES, AND  
26 ENVIRONMENTAL VALUE. THE COMMISSION MAY, BASED ON KNOWN AND  
27 MEASURABLE EVIDENCE OF THE COST OR BENEFIT OF DISTRIBUTED

1 GENERATION OPERATION TO THE ELECTRIC PROVIDER, INCORPORATE OTHER  
2 VALUES INTO THE METHODOLOGY, INCLUDING CREDIT FOR LOCALLY  
3 MANUFACTURED OR ASSEMBLED ENERGY SYSTEMS, SYSTEMS INSTALLED AT  
4 HIGH-VALUE LOCATIONS ON THE DISTRIBUTION GRID, OR OTHER FACTORS.

5 (6) THE CREDIT FOR DISTRIBUTED GENERATION VALUE APPLIED TO  
6 ALTERNATIVE RATES APPROVED UNDER THIS SECTION SHALL REPRESENT THE  
7 PRESENT VALUE OF THE FUTURE REVENUE STREAMS OF THE VALUE COMPONENTS  
8 IDENTIFIED PURSUANT TO SUBSECTION (4) AND IN SUBSECTION (5).

9 (7) THE ELECTRIC PROVIDER SHALL RECALCULATE THE ALTERNATIVE  
10 RATE EVERY 2 YEARS, AND SHALL FILE THE RECALCULATED ALTERNATIVE  
11 RATE WITH THE COMMISSION FOR APPROVAL.

12 (8) RENEWABLE ENERGY CREDITS FOR ENERGY FROM DISTRIBUTED  
13 GENERATION THAT IS SUBJECT TO THIS SECTION BELONG TO THE ELECTRIC  
14 PROVIDER.

15 (9) THE COMMISSION SHALL NOT AUTHORIZE AN ELECTRIC PROVIDER TO  
16 USE AN ALTERNATIVE RATE THAT IS LOWER THAN THE ELECTRIC PROVIDER'S  
17 APPLICABLE RETAIL RATE UNTIL 3 YEARS AFTER THE COMMISSION APPROVES  
18 AN ALTERNATIVE RATE FOR THE ELECTRIC PROVIDER.

19 (10) A ELECTRIC PROVIDER SHALL ENTER INTO A CONTRACT WITH AN  
20 OWNER OF A DISTRIBUTED GENERATION DEVICE RECEIVING AN ALTERNATIVE  
21 RATE UNDER THIS SECTION FOR A MINIMUM OF 20 YEARS, UNLESS A SHORTER  
22 TERM IS AGREED TO BY THE PARTIES.

23 (11) AN OWNER OF A DISTRIBUTED GENERATION DEVICE RECEIVING AN  
24 ALTERNATIVE RATE UNDER THIS SECTION SHALL BE PAID THE SAME RATE PER  
25 KILOWATT-HOUR GENERATED EACH YEAR FOR THE TERM OF THE CONTRACT.

26 Enacting section 1. This amendatory act takes effect 90 days  
27 after the date it is enacted into law.

1           Enacting section 2. This amendatory act does not take effect  
2 unless all of the following bills of the 98th Legislature are  
3 enacted into law:

4           (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 4881 (request  
5 no. 02967'15 \*).

6           (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 4879 (request  
7 no. 02968'15 \*).