

HOUSE BILL No. 5863

April 24, 2018, Introduced by Reps. Rabhi, Barrett, Glenn and Dianda and referred to the Committee on Energy Policy.

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
by amending section 179 (MCL 460.1179), as amended by 2016 PA 342,
and by adding sections 177a and 178.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

4 (A) THE CUSTOMERS QUALIFY FOR NET METERING UNDER SECTION
5 173(8) .

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

1 PERIOD.

2 SEC. 178. (1) AN ELECTRIC PROVIDER MAY APPLY FOR COMMISSION
3 APPROVAL FOR AN ALTERNATIVE RATE THAT COMPENSATES A CUSTOMER
4 THROUGH A BILL CREDIT FOR THE VALUE TO THE ELECTRIC PROVIDER, ITS
5 CUSTOMERS, AND SOCIETY FOR OPERATING A DISTRIBUTED GENERATION
6 DEVICE THAT IS NOT CAPABLE OF GENERATING 500 KILOWATTS OR MORE AND
7 THAT IS INTERCONNECTED TO THE SYSTEM AND OPERATED BY THE CUSTOMER
8 PRIMARILY FOR MEETING THE CUSTOMER'S OWN ENERGY NEEDS. IF THE
9 COMMISSION APPROVES THE ALTERNATIVE RATE, IT APPLIES TO A CUSTOMER
10 INTERCONNECTION OCCURRING AFTER THE DATE OF APPROVAL. THE
11 ALTERNATIVE RATE IS IN LIEU OF ANY OTHER RATE UNDER THIS PART.

12 (2) THE COMMISSION SHALL CONDUCT CONTESTED CASE PROCEEDINGS ON
13 THE PROPOSED ALTERNATIVE RATE PURSUANT TO CHAPTER 4 OF THE
14 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.271 TO
15 24.287. THE COMMISSION SHALL APPROVE THE ALTERNATIVE RATE IF IT
16 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

17 (A) APPROPRIATELY APPLIES THE METHODOLOGY ESTABLISHED BY THE
18 COMMISSION UNDER SUBSECTION (4).

19 (B) CHARGES THE CUSTOMER FOR ALL ELECTRICITY DELIVERED TO THE
20 CUSTOMER BY THE ELECTRIC PROVIDER AT THE SAME RETAIL RATE PAID BY
21 CUSTOMERS IN THE CUSTOMER'S RATE CLASS WHO ARE NOT PARTICIPANTS IN
22 THE DISTRIBUTED GENERATION PROGRAM.

23 (C) CREDITS THE CUSTOMER AT THE ALTERNATIVE RATE ESTABLISHED
24 UNDER THIS SUBSECTION FOR ALL ELECTRICITY GENERATED BY THE
25 DISTRIBUTED GENERATION DEVICE THAT IS NOT UTILIZED BY THE CUSTOMER
26 FOR SELF-SERVICE BUT DELIVERED TO THE LOCAL UTILITY'S DISTRIBUTION
27 SYSTEM.

1 (D) APPLIES THE CHARGES AND CREDITS IN SUBDIVISIONS (B) AND
2 (C) TO A MONTHLY BILL AND APPLIES THE UNUSED PORTION OF THE CREDIT
3 IN ANY MONTH OR BILLING PERIOD TO BE CARRIED FORWARD AND CREDITED
4 AGAINST ALL THE ELECTRIC PROVIDER'S CHARGES. IF THE CUSTOMER HAS A
5 POSITIVE BALANCE AFTER THE 12-MONTH CYCLE ENDING ON THE LAST DAY IN
6 JANUARY, THE ELECTRIC PROVIDER SHALL PAY THE CREDIT BALANCE TO THE
7 CUSTOMER AT THE ALTERNATIVE RATE, AND THE 12-MONTH CREDIT CYCLE
8 RESTARTS WITH THE NEXT BILLING PERIOD.

9 (E) COMPLIES WITH THE INTERCONNECTION REQUIREMENTS UNDER
10 SECTION 173(6).

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 THE PURPOSES OF SUBSECTION (2) (A) NOT LATER
16 THAN 1 YEAR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
17 ADDED THIS SECTION. WHEN DEVELOPING THE DISTRIBUTED GENERATION
18 VALUE 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, INCLUDE AN ANALYSIS OF COSTS
24 AND BENEFITS TO ACCRUE OVER A PERIOD OF NOT LESS THAN 20 YEARS,
25 CONSIDERING THE LOCATION AND TIME OF GENERATION. THE COSTS AND
26 BENEFITS ANALYZED SHALL INCLUDE, BUT ARE NOT LIMITED, TO THOSE
27 LISTED IN SECTION 173.

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

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

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

12 (9) AN ELECTRIC PROVIDER SHALL ENTER INTO A CONTRACT WITH AN
13 OWNER OF A DISTRIBUTED GENERATION DEVICE RECEIVING AN ALTERNATIVE
14 RATE UNDER THIS SECTION FOR A TERM OF 20 YEARS OR MORE, UNLESS A
15 SHORTER TERM IS REQUESTED BY THE CUSTOMER AND AGREED TO BY THE
16 ELECTRIC PROVIDER.

17 (10) A CUSTOMER RECEIVING AN ALTERNATIVE RATE UNDER THIS
18 SECTION SHALL BE PAID THE SAME RATE PER KILOWATT-HOUR GENERATED
19 EACH YEAR FOR THE TERM OF THE CONTRACT.

20 Sec. 179. ~~A customer shall own any renewable~~ **RENEWABLE** energy
21 credits granted for electricity generated on the customer's site
22 under the distributed generation program created in this part ~~ARE~~
23 OWNED AS FOLLOWS:

24 (A) BY THE CUSTOMER, TO THE EXTENT THE ELECTRICITY IS UTILIZED
25 BY THE CUSTOMER.

26 (B) BY THE ELECTRIC PROVIDER, TO THE EXTENT THE ELECTRICITY IS
27 DELIVERED TO THE LOCAL UTILITY'S DISTRIBUTION SYSTEM.

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

3 Enacting section 2. This amendatory act does not take effect
4 unless Senate Bill No.____ or House Bill No. 5862 (request no.
5 00745'17) of the 99th Legislature is enacted into law.