Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 273 (Substitute S-2 as reported)
Sponsor: Senator Sam Singh
Committee: Civil Rights, Judiciary, and Public Safety

CONTENT

The bill would amend the Clean and Renewable Energy Waste Reduction Act to do the following:

-- Require an electric or natural gas provider (provider) to file its energy waste reduction plan as part of a customer energy optimization plan, beginning January 1, 2025.
-- Allow a provider to implement an efficient electrification measures plan, beginning January 1, 2025, and require a plan to satisfy specified criteria, such as reducing greenhouse gas emissions due to energy use over the life of the electrification measure.
-- Modify the frequency that the Michigan Public Service Commission (MPSC) would have to review a provider's energy waste reduction plan, applicable to provider's regulated and not regulated by the MPSC.
-- Modify the financial incentives that a provider could receive based on annual incremental savings under an energy waste reduction plan.
-- Beginning in 2026, require an electric provider's energy waste reduction programs to achieve incremental energy savings of 1.5% of total retail electricity sales in megawatt hours, and specify additional goals for these programs.
-- Require a provider to offer a low-income energy waste reduction program in single- and multi-family households and require a provider to spend specified percentages of its annual waste reduction expenditures on low-income energy waste programs.
-- Require a provider serving more than 50,000 customers to invest in hiring a diverse energy waste reduction workforce.
-- Require the MPSC, through a contested case hearing, to adopt a framework energy waste reduction program to be used by the independent energy waste reduction administrator on behalf of a provider.

MCL 460.1005 et al. Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill would have an indeterminate but likely negative fiscal impact on State and local units of government. The MPSC could incur minor additional costs during the plan review process and associated calculations; however, it is likely that most of these activities would be sufficiently provided for by existing appropriations, including the required proceeding on adoption of a framework energy waste reduction program.

Municipally owned providers could incur significant costs in developing a low-income energy waste reduction program that meets the criteria outlined in the bill if it does not presently have a similar program. In addition, a provider could incur costs in undertaking the workforce and contractor development efforts recommended under the bill. These costs cannot be estimated at this time and would depend highly on the extent of activity undertaken by the utility provider.

Date Completed: 10-26-23 Fiscal Analyst: Elizabeth Raczkowski