

SENATE BILL NO. 588

September 25, 2025, Introduced by Senators LINDSEY and MCBROOM and referred to Committee on Energy and Environment.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the powers and duties of certain state governmental officers and entities; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses;

to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,"

by amending section 10a (MCL 460.10a), as amended by 2016 PA 341.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10a. (1) The commission shall issue orders establishing
2 the rates, terms, and conditions of service that allow retail
3 customers to take service from an alternative electric supplier.

4 The orders ~~shall~~**must** do all of the following:

5 ~~(a) Except as otherwise provided in this section, provide that~~
6 ~~no more than 10% of an electric utility's average weather-adjusted~~
7 ~~retail sales for the preceding calendar year may take service from~~
8 ~~an alternative electric supplier at any time.~~

9 ~~(b) Set forth procedures necessary to allocate the amount of~~
10 ~~load that will be allowed to be served by alternative electric~~
11 ~~suppliers, through the use of annual energy allotments awarded on a~~
12 ~~calendar year basis. If the sales of a utility are less in a~~
13 ~~subsequent year or if the energy usage of a customer receiving~~
14 ~~electric service from an alternative electric supplier exceeds its~~
15 ~~annual energy allotment for that facility, that customer shall not~~
16 ~~be forced to purchase electricity from a utility, but may purchase~~
17 ~~electricity from an alternative electric supplier for that facility~~
18 ~~during that calendar year.~~

19 ~~(c) Notwithstanding any other provision of this section,~~
20 ~~provide that, if the commission determines that less than 10% of an~~
21 ~~electric utility's average weather-adjusted retail sales for the~~

~~preceding calendar year is taking service from alternative electric suppliers, the commission shall set as a cap on the weather-adjusted retail sales that may take service from an alternative electric supplier, for the current calendar year and 5 subsequent calendar years, the percentage amount of weather-adjusted retail sales for the preceding calendar year rounded up to the nearest whole percentage. If the cap is not adjusted for 6 consecutive calendar years, the cap shall return to 10% in the calendar year following that sixth consecutive calendar year. If a utility that serves less than 200,000 customers in this state has not had any load served by an alternative electric supplier in the preceding 4 years, the commission shall adjust the cap in accordance with this provision for no more than 2 consecutive calendar years.~~

~~(d) Notwithstanding any other provision of this section, customers seeking to expand usage at a facility that has been continuously served through an alternative electric supplier since April 1, 2008 shall be permitted to purchase electricity from an alternative electric supplier for both the existing and any expanded load at that facility as well as any new facility constructed or acquired after October 6, 2008 that is similar in nature if the customer owns more than 50% of the new facility.~~

~~(e) Provide that for an existing facility that is receiving 100% of its electric service from an alternative electric supplier on or after the effective date of the amendatory act that added section 6t, the owner of that facility may purchase electricity from an alternative electric supplier, regardless of whether the sales exceed 10% of the servicing electric utility's average weather-adjusted retail sales, for both the existing electric choice load at that facility and any expanded load arising after~~

~~the effective date of the amendatory act that added section 6t at that facility as well as any new facility that is similar in nature to the existing facility, that is constructed or acquired by the customer on a site contiguous to the existing site or on a site that would be contiguous to an existing site in the absence of an existing public right-of-way, and the customer owns more than 50% of that facility. This subdivision does not authorize or permit an existing facility being served by an electric utility on standard tariff service on the effective date of the amendatory act that added section 6t to be served by an alternative electric supplier.~~

~~(f) Notwithstanding any other provision of this section, any customer operating an iron ore mining facility, iron ore processing facility, or both, located in the Upper Peninsula of this state, may purchase all or any portion of its electricity from an alternative electric supplier, regardless of whether the sales exceed 10% of the serving electric utility's average weather-adjusted retail sales, if that customer is in compliance with the terms of a settlement agreement requiring it to facilitate construction of a new power plant located in the Upper Peninsula of this state. A customer described in this subdivision and the alternative electric supplier that provides electric service to that customer are not subject to the requirements contained in the amendatory act that added section 6t and any administrative regulations adopted under that amendatory act. The commission's orders establishing rates, terms, and conditions of retail access service issued before the effective date of the amendatory act that added section 6t remain in effect with regard to retail open access provided under this subdivision.~~

~~(g) Provide that a customer on an enrollment queue waiting to~~

~~1 take retail open access service as of December 31, 2015 shall~~
~~2 continue on the queue and an electric utility shall add a new~~
~~3 customer to the queue if the customer's prospective alternative~~
~~4 electric supplier submits an enrollment request to the electric~~
~~5 utility. A customer shall be removed from the queue by notifying~~
~~6 the electric utility electronically or in writing.~~

~~7 (h) Require each electric utility to file with the commission~~
~~8 not later than January 15 of each year a rank ordered queue of all~~
~~9 customers awaiting retail open access service under subdivision~~
~~10 (g). The filing must include the estimated amount of electricity~~
~~11 used by each customer awaiting retail open access service under~~
~~12 subdivision (g). All customer-specific information contained in the~~
~~13 filing under this subdivision is exempt from release under the~~
~~14 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, and~~
~~15 the commission shall treat that information as confidential~~
~~16 information. The commission may release aggregated information as~~
~~17 part of its annual report as long as individual customer~~
~~18 information or data are not released.~~

~~19 (i) Provide that if the prospective alternative electric~~
~~20 supplier of a customer next on the queue awaiting retail open~~
~~21 access service is notified after the effective date of the~~
~~22 amendatory act that added section 6t that less than 10% of an~~
~~23 electric utility's average weather-adjusted retail sales for the~~
~~24 preceding calendar year are taking service from an alternative~~
~~25 electric supplier and that the amount of electricity needed to~~
~~26 serve the customer's electric load is available under the 10%~~
~~27 allocation, the customer may take service from an alternative~~
~~28 electric supplier. The customer's prospective alternative electric~~
~~29 supplier shall notify the electric utility within 5 business days~~

1 ~~after being notified whether the customer will take service from an~~
2 ~~alternative electric supplier. If the customer's prospective~~
3 ~~alternative electric supplier fails to notify the utility within 5~~
4 ~~business days or if the customer chooses not to take retail open~~
5 ~~access service, the customer shall be removed from the queue of~~
6 ~~those awaiting retail open access service. The customer may~~
7 ~~subsequently be added to the queue as a new customer under the~~
8 ~~provisions of subdivision (g). A customer that elects to take~~
9 ~~service from an alternative electric supplier under this~~
10 ~~subdivision shall become service-ready under rules established by~~
11 ~~the commission and the utility's approved retail open access~~
12 ~~service tariffs.~~

13 **(a)** ~~(j)~~ Provide that the commission shall ensure if a customer
14 is notified that the customer's service from an alternative
15 electric supplier will be terminated or restricted as a result of
16 the alternative electric supplier limiting service in this state,
17 the customer has 60 days to acquire service from a different
18 alternative electric supplier. If the customer is a public entity,
19 the time to acquire services from a different alternative electric
20 supplier shall not be less than 180 days.

21 **(b)** ~~(k)~~ Provide that as a condition of licensure, an
22 alternative electric supplier meets all of the requirements of this
23 act.

24 (2) The commission shall issue orders establishing a licensing
25 procedure for all alternative electric suppliers. To ensure
26 adequate service to customers in this state, the commission shall
27 require that an alternative electric supplier maintain an office
28 within this state, shall assure that an alternative electric
29 supplier has the necessary financial, managerial, and technical

1 capabilities, shall require that an alternative electric supplier
2 maintain records that the commission considers necessary, and shall
3 ensure an alternative electric supplier's accessibility to the
4 commission, to consumers, and to electric utilities in this state.
5 The commission also shall require alternative electric suppliers to
6 agree that they will collect and remit to local units of government
7 all applicable users, sales, and use taxes. An alternative electric
8 supplier is not required to obtain any certificate, license, or
9 authorization from the commission other than as required by this
10 act.

11 (3) The commission shall issue orders to ensure that customers
12 in this state are not switched to another supplier or billed for
13 any services without the customer's consent.

14 (4) This act does not prohibit or limit the right of a person
15 to obtain self-service power and does not impose a transition,
16 implementation, exit fee, or any other similar charge on self-
17 service power. A person using self-service power is not an electric
18 supplier, electric utility, or a person conducting an electric
19 utility business. As used in this subsection, "self-service power"
20 means any of the following:

21 (a) Electricity generated and consumed at an industrial site
22 or contiguous industrial site or single commercial establishment or
23 single residence without the use of an electric utility's
24 transmission and distribution system.

25 (b) Electricity generated primarily by the use of by-product
26 fuels, including waste water solids, which electricity is consumed
27 as part of a contiguous facility, with the use of an electric
28 utility's transmission and distribution system, but only if the
29 point or points of receipt of the power within the facility are not

1 greater than 3 miles distant from the point of generation.

2 (c) A site or facility with load existing on June 5, 2000 that
3 is divided by an inland body of water or by a public highway, road,
4 or street but that otherwise meets this definition meets the
5 contiguous requirement of this subdivision regardless of whether
6 self-service power was being generated on June 5, 2000.

7 (d) A commercial or industrial facility or single residence
8 that meets the requirements of subdivision (a) or (b) meets this
9 definition whether or not the generation facility is owned by an
10 entity different from the owner of the commercial or industrial
11 site or single residence.

12 (5) This act does not prohibit or limit the right of a person
13 to engage in affiliate wheeling and does not impose a transition,
14 implementation, exit fee, or any other similar charge on a person
15 engaged in affiliate wheeling.

16 (6) The rights of parties to existing contracts and agreements
17 in effect as of January 1, 2000 between electric utilities and
18 qualifying facilities, including the right to have the charges
19 recovered from the customers of an electric utility, or its
20 successor, are not abrogated, increased, or diminished by this act,
21 nor shall the receipt of any proceeds of the securitization bonds
22 by an electric utility be a basis for any regulatory disallowance.
23 Further, any securitization or financing order issued by the
24 commission that relates to a qualifying facility's power purchase
25 contract shall fully consider that qualifying facility's legal and
26 financial interests.

27 (7) A customer that elects to receive service from an
28 alternative electric supplier may subsequently provide notice to
29 the electric utility of the customer's desire to receive standard

1 tariff service from the electric utility under procedures approved
2 by the commission.

3 (8) The commission shall authorize rates that will ensure that
4 an electric utility that offered retail open access service from
5 2002 through October 6, 2008 fully recovers its restructuring costs
6 and any associated accrued regulatory assets. This includes, but is
7 not limited to, implementation costs, stranded costs, and costs
8 authorized under section 10d(4) as it existed before October 6,
9 2008, that have been authorized for recovery by the commission in
10 orders issued before October 6, 2008. The commission shall approve
11 surcharges that will ensure full recovery of all such costs by
12 October 6, 2013.

13 (9) As used in subsections (1) and (7):

14 (a) "Customer" means the building or facilities served through
15 a single existing electric billing meter and does not mean the
16 person, corporation, partnership, association, governmental body,
17 or other entity owning or having possession of the building or
18 facilities.

19 (b) "Standard tariff service" means, for each regulated
20 electric utility, the retail rates, terms, and conditions of
21 service approved by the commission for service to customers who do
22 not elect to receive generation service from alternative electric
23 suppliers.

24 (10) As used in this section:

25 (a) "Affiliate" means a person or entity that directly, or
26 indirectly through 1 or more intermediates, controls, is controlled
27 by, or is under common control with another specified entity. As
28 used in this subdivision, "control" means, whether through an
29 ownership, beneficial, contractual, or equitable interest, the

1 possession, directly or indirectly, of the power to direct or to
2 cause the direction of the management or policies of a person or
3 entity or the ownership of at least 7% of an entity either directly
4 or indirectly.

5 (b) "Affiliate wheeling" means a person's use of direct access
6 service where an electric utility delivers electricity generated at
7 a person's industrial site to that person or that person's
8 affiliate at a location, or general aggregated locations, within
9 this state that was either 1 of the following:

10 (i) For at least 90 days during the period from January 1, 1996
11 to October 1, 1999, supplied by self-service power, but only to the
12 extent of the capacity reserved or load served by self-service
13 power during the period.

14 (ii) Capable of being supplied by a person's cogeneration
15 capacity within this state that has had since January 1, 1996 a
16 rated capacity of 15 megawatts or less, was placed in service
17 before December 31, 1975, and has been in continuous service since
18 that date. A person engaging in affiliate wheeling is not an
19 electric supplier, an electric utility, or conducting an electric
20 utility business when a person engages in affiliate wheeling.