

HOUSE BILL NO. 5143

October 23, 2019, Introduced by Reps. Rabhi, Peterson, Gay-Dagnogo, Hood, LaGrand, Markkanen, Howell and Wozniak and referred to the Committee on Energy.

A bill to amend 2008 PA 295, entitled "Clean and renewable energy and energy waste reduction act," by amending sections 5, 7, 9, 13, 173, 175, 177, and 179 (MCL 460.1005, 460.1007, 460.1009, 460.1013, 460.1173, 460.1175, 460.1177, and 460.1179), as amended by 2016 PA 342; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. As used in this act:



1 (a) "Electric provider" means any of the following:

2 (i) Any person or entity that is regulated by the commission
3 for the purpose of selling electricity to retail customers in this
4 state.

5 (ii) A municipally owned electric utility in this state.

6 (iii) A cooperative electric utility in this state.

7 (iv) Except as used in subpart C of part 2, an alternative
8 electric supplier licensed under section 10a of 1939 PA 3, MCL
9 460.10a.

10 (b) "Eligible electric generator" means a ~~methane digester or~~
11 **customer's** renewable energy system, ~~with cogeneration facility or~~
12 **waste heat recovery system that meets both of the following**
13 **requirements:**

14 (i) **Is located in this state.**

15 (ii) **Has** a generation capacity ~~limited to the customer's~~
16 ~~electric need and that does not exceed the following:~~

17 ~~(i) For a renewable energy system, 150 kilowatts of aggregate~~
18 ~~generation at a single site.~~

19 ~~(ii) For a methane digester, 550 kilowatts of aggregate~~
20 ~~generation at a single site.~~ **that is consistent with the safety and**
21 **reliability requirements of the customer's interconnection.**

22 (c) "Energy conservation" means the reduction of customer
23 energy use through the installation of measures or changes in
24 energy usage behavior.

25 (d) "Energy efficiency" means a decrease in customer
26 consumption of electricity or natural gas achieved through measures
27 or programs that target customer behavior, equipment, devices, or
28 materials without reducing the quality of energy services.

29 (e) "Energy star" means the voluntary ~~partnership among the~~



1 ~~United States Department of Energy, the United States Environmental~~
2 ~~Protection Agency, product manufacturers, local utilities, and~~
3 ~~retailers to help promote energy efficient products by labeling~~
4 ~~with the energy star logo, educate consumers about the benefits of~~
5 ~~energy efficiency, and help promote energy efficiency in buildings~~
6 ~~by benchmarking and rating energy performance.~~**program established**
7 **under 42 USC 6924a.**

8 (f) "Energy waste reduction", subject to subdivision (g),
9 means all of the following:

10 (i) Energy efficiency.

11 (ii) Load management, to the extent that the load management
12 reduces provider costs.

13 (iii) Energy conservation, but only to the extent that the
14 decreases in the consumption of electricity produced by energy
15 conservation are objectively measurable and attributable to an
16 energy waste reduction plan.

17 (g) Energy waste reduction does not include electric provider
18 infrastructure projects that are approved for cost recovery by the
19 commission other than as provided in this act.

20 (h) "Energy waste reduction credit" means a credit certified
21 pursuant to section 87 that represents achieved energy waste
22 reduction.

23 (i) "Energy waste reduction plan" means a plan under section
24 71.

25 (j) "Energy waste reduction standard" means the minimum energy
26 savings required to be achieved under section 77 or 78(1), as
27 applicable.

28 (k) "Federal approval" means approval by the applicable
29 regional transmission organization or other Federal Energy



1 Regulatory Commission-approved transmission planning process of a
2 transmission project that includes the transmission line. Federal
3 approval may be evidenced in any of the following manners:

4 (i) The proposed transmission line is part of a transmission
5 project included in the applicable regional transmission
6 organization's board-approved transmission expansion plan.

7 (ii) The applicable regional transmission organization has
8 informed the electric utility, affiliated transmission company, or
9 independent transmission company that a transmission project
10 submitted for an out-of-cycle project review has been approved by
11 the applicable regional transmission organization, and the approved
12 transmission project includes the proposed transmission line.

13 (iii) If, after October 6, 2008, the applicable regional
14 transmission organization utilizes another approval process for
15 transmission projects proposed by an electric utility, affiliated
16 transmission company, or independent transmission company, the
17 proposed transmission line is included in a transmission project
18 approved by the applicable regional transmission organization
19 through the approval process developed after October 6, 2008.

20 (iv) Any other Federal Energy Regulatory Commission-approved
21 transmission planning process for a transmission project.

22 Sec. 7. As used in this act:

23 (a) "Gasification facility" means a facility located in this
24 state that, using a thermochemical process that does not involve
25 direct combustion, produces synthesis gas, composed of carbon
26 monoxide and hydrogen, from carbon-based feedstocks, ~~(such~~ **such** as
27 coal, petroleum coke, wood, biomass, hazardous waste, medical
28 waste, industrial waste, and solid waste, including, but not
29 limited to, municipal solid waste, electronic waste, and waste



1 described in section 11514 of the natural resources and
 2 environmental protection act, 1994 PA 451, MCL ~~324.11514~~
 3 **324.11514**, and that uses the synthesis gas or a mixture of the
 4 synthesis gas and methane to generate electricity for commercial
 5 use. Gasification facility includes the transmission lines, gas
 6 transportation lines and facilities, and associated property and
 7 equipment specifically attributable to such a facility.
 8 Gasification facility includes, but is not limited to, an
 9 integrated gasification combined cycle facility and a plasma arc
 10 gasification facility.

11 (b) "Incremental costs of compliance" means the net revenue
 12 required by an electric provider to comply with the renewable
 13 energy standard, calculated as provided under section 47.

14 (c) "Independent transmission company" means that term as
 15 defined in section 2 of the electric transmission line
 16 certification act, 1995 PA 30, MCL 460.562.

17 (d) "Integrated gasification combined cycle facility" means a
 18 gasification facility that uses a thermochemical process, including
 19 high temperatures and controlled amounts of air and oxygen, to
 20 break substances down into their molecular structures and that uses
 21 exhaust heat to generate electricity.

22 (e) "Integrated pyrolysis combined cycle facility" means a
 23 pyrolysis facility that uses exhaust heat to generate electricity.

24 (f) **"Island mode" means a generation system status in which**
 25 **loads and energy resources are able to operate on-site or within a**
 26 **local microgrid but power is not exchanged with the utility-owned**
 27 **transmission or distribution network.**

28 (g) ~~(f)~~ "LEED" means the leadership in energy and
 29 environmental design green building rating system developed by the



1 United States Green Building Council.

2 (h) ~~(g)~~ "Load management" means measures or programs that
3 target equipment or behavior to result in decreased peak
4 electricity demand such as by shifting demand from a peak to an
5 off-peak period.

6 (i) ~~(h)~~ "Megawatt", "megawatt hour", or "megawatt hour of
7 electricity", unless the context implies otherwise, includes the
8 steam equivalent of a megawatt or megawatt hour of electricity.

9 ~~(i) "Modified net metering" means a utility billing method
10 that applies the power supply component of the full retail rate to
11 the net of the bidirectional flow of kilowatt hours across the
12 customer interconnection with the utility distribution system,
13 during a billing period or time-of-use pricing period. A negative
14 net metered quantity during the billing period or during each time-
15 of-use pricing period within the billing period reflects net excess
16 generation for which the customer is entitled to receive credit
17 under section 177(4). Under modified net metering, standby charges
18 for distributed generation customers on an energy rate schedule
19 shall be equal to the retail distribution charge applied to the
20 imputed customer usage during the billing period. The imputed
21 customer usage is calculated as the sum of the metered on-site
22 generation and the net of the bidirectional flow of power across
23 the customer interconnection during the billing period. The
24 commission shall establish standby charges under modified net
25 metering for distributed generation customers on demand-based rate
26 schedules that provide an equivalent contribution to utility system
27 costs. A charge for net metering and distributed generation
28 customers established pursuant to section 6a of 1939 PA 3, MCL
29 460.6a, shall not be recovered more than once. This subdivision is~~



1 ~~subject to section 177(5).~~

2 (j) "Microgrid" means a group of interconnected loads and
3 distributed energy resources with clearly defined electrical
4 boundaries that acts as a single controllable entity with respect
5 to the macrogrid and that connects and disconnects from the
6 macrogrid to enable it to operate in grid-connected or island mode.

7 Sec. 9. As used in this act:

8 (a) "Natural gas provider" means an investor-owned business
9 engaged in the sale and distribution at retail of natural gas
10 within this state whose rates are regulated by the commission.

11 (b) "Net metering" means a utility billing method that applies
12 the full retail rate to the net of the bidirectional flow of
13 kilowatt hours across the customer interconnection with the utility
14 distribution system during a billing period or time-of-use pricing
15 period. A negative net metered quantity during the billing period
16 or during each time-of-use pricing period within the billing period
17 reflects net excess generation for which the customer is entitled
18 to receive credit under section 177(4).

19 (c) ~~(b)~~—"Pet coke" means a solid carbonaceous residue produced
20 from a coker after cracking and distillation from petroleum
21 refining operations.

22 (d) ~~(e)~~—"Plasma arc gasification facility" means a
23 gasification facility that uses a plasma torch to break substances
24 down into their molecular structures.

25 (e) ~~(d)~~—"Provider" means an electric provider or a natural gas
26 provider.

27 (f) ~~(e)~~—"PURPA" means the public utility regulatory policies
28 act of 1978, Public Law 95-617.

29 (g) ~~(f)~~—"Pyrolysis facility" means a facility that effects



1 thermochemical decomposition at elevated temperatures without the
2 participation of oxygen, from carbon-based feedstocks including,
3 but not limited to, coal, wood, biomass, industrial waste, or solid
4 waste, but not including pet coke, hazardous waste, coal waste, or
5 scrap tires. Pyrolysis facility includes the transmission lines,
6 gas transportation lines and facilities, and associated property
7 and equipment specifically attributable to the facility. Pyrolysis
8 facility includes, but is not limited to, an integrated pyrolysis
9 combined cycle facility.

10 Sec. 13. As used in this act:

11 (a) "Site" means a contiguous site, regardless of the number
12 of meters at that site. A site that would be contiguous but for the
13 presence of a street, road, or highway is considered to be
14 contiguous for the purposes of this subdivision.

15 (b) "Transmission line" means all structures, equipment, and
16 real property necessary to transfer electricity at system bulk
17 supply voltage of 100 kilovolts or more.

18 ~~(c) "True net metering" means a utility billing method that~~
19 ~~applies the full retail rate to the net of the bidirectional flow~~
20 ~~of kilowatt hours across the customer interconnection with the~~
21 ~~utility distribution system, during a billing period or time-of-use~~
22 ~~pricing period. A negative net metered quantity during the billing~~
23 ~~period or during each time-of-use pricing period within the billing~~
24 ~~period reflects net excess generation for which the customer is~~
25 ~~entitled to receive credit under section 177(4). This subdivision~~
26 ~~is subject to section 177(5).~~

27 (c) ~~(d)~~—"Utility system resource cost test" means a standard
28 that is met for an investment in energy waste reduction if, on a
29 life cycle basis, the total avoided supply-side costs to the



1 provider, including representative values for electricity or
2 natural gas supply, transmission, distribution, and other
3 associated costs, are greater than the total costs to the provider
4 of administering and delivering the energy waste reduction program,
5 including net costs for any provider incentives paid by customers
6 and capitalized costs recovered under section 89.

7 (d) ~~(e)~~—"Wind energy conversion system" means a system that
8 uses 1 or more wind turbines to generate electricity and has a
9 nameplate capacity of 100 kilowatts or more.

10 (e) ~~(f)~~—"Wind energy resource zone" or "wind zone" means an
11 area designated by the commission under section 147.

12 Sec. 173. (1) The commission shall establish a distributed
13 generation program by order issued not later than 90 days after the
14 effective date of the ~~2016~~—2019 act that amended this section.

15 **Under the distributed generation program, any customer of an**
16 **electric utility or alternative electric supplier may generate**
17 **electricity using an eligible electric generator interconnected**
18 **with the local electric utility and operated parallel to the**
19 **distribution system. The value of net excess generation in each**
20 **billing period or time-of-use pricing period shall be credited to**
21 **the customer pursuant to a fair value tariff, a standard-offer**
22 **contract, or net metering. However, an electric utility or**
23 **alternative electric supplier is required to participate only in**
24 **the net metering component of the distributed generation program.**

25 The commission may promulgate rules the commission considers
26 necessary to implement this program. Any rules adopted regarding
27 time limits for approval of parallel operation shall recognize
28 reliability and safety complications including those arising from
29 equipment saturation, use of multiple technologies, and proximity



1 to synchronous motor loads. ~~The program shall apply to all electric~~
 2 ~~utilities whose rates are regulated by the commission and~~
 3 ~~alternative electric suppliers in this state.~~

4 (2) ~~Except as otherwise provided under this part, an electric~~
 5 ~~customer of any class is eligible to interconnect an eligible~~
 6 ~~electric generator with the customer's local electric utility and~~
 7 ~~operate the eligible electric generator in parallel with the~~
 8 ~~distribution system. The **distributed generation** program shall be~~
 9 ~~designed for a period of not less than 10-20 years and limit each~~
 10 ~~customer to generation capacity designed to meet up to 100% of the~~
 11 ~~customer's electricity consumption for the previous 12 months. The~~
 12 ~~commission may waive the application, interconnection, and~~
 13 ~~installation requirements of this part for customers participating~~
 14 ~~in the net metering program under the commission's March 29, 2005~~
 15 ~~order in case no. U-14346.~~

16 (3) ~~An electric utility or alternative electric supplier is~~
 17 ~~not required to allow for a distributed generation program that is~~
 18 ~~greater than 1% of its average in-state peak load for the preceding~~
 19 ~~5 calendar years. The electric utility or alternative electric~~
 20 ~~supplier shall notify the commission if its distributed generation~~
 21 ~~program reaches the 1% limit under this subsection. The 1% limit~~
 22 ~~under this subsection shall be allocated as follows:~~

23 (a) ~~No more than 0.5% for customers with an eligible electric~~
 24 ~~generator capable of generating 20 kilowatts or less.~~

25 (b) ~~No more than 0.25% for customers with an eligible electric~~
 26 ~~generator capable of generating more than 20 kilowatts but not more~~
 27 ~~than 150 kilowatts.~~

28 (c) ~~No more than 0.25% for customers with a methane digester~~
 29 ~~capable of generating more than 150 kilowatts.~~



1 (3) ~~(4)~~ Selection of customers for participation in the
 2 distributed generation program shall be based ~~on the order in which~~
 3 ~~the applications for participation in the program are received by~~
 4 ~~the electric utility or alternative electric supplier.~~ **solely on**
 5 **meeting the interconnection and equipment requirements for**
 6 **participation. An electric utility or alternative electric supplier**
 7 **shall not restrict the number of participants in the distributed**
 8 **generation program unless it demonstrates to the satisfaction of**
 9 **the commission that the restriction is necessary to protect the**
 10 **public health and safety or the integrity of the distribution**
 11 **system in a contested case hearing pursuant to chapter 4 of the**
 12 **administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to**
 13 **24.288.**

14 (4) ~~(5)~~ An electric utility or alternative electric supplier
 15 shall not discontinue or refuse to provide electric service to a
 16 customer solely because the customer participates in the
 17 distributed generation program.

18 (5) ~~(6)~~ The distributed generation program ~~created under~~
 19 ~~subsection (1)~~ shall include all of the following:

20 (a) Statewide uniform interconnection requirements for all
 21 eligible electric generators. The interconnection requirements
 22 shall be designed to protect electric utility workers and equipment
 23 and the general public.

24 (b) ~~Distributed~~ **Requirements that distributed** generation
 25 equipment and its installation ~~shall~~ meet all current local and
 26 state electric and construction code requirements. Any equipment
 27 that is certified by a nationally recognized testing laboratory to
 28 IEEE 1547.1 testing standards and in compliance with UL 1741 scope
 29 1.1A, effective May 7, 2007, **or updates to those testing standards**



1 **and scope approved by the commission, and that is** installed in
 2 compliance with this part is considered to be compliant. Within the
 3 time provided by the commission ~~in rules promulgated under pursuant~~
 4 **to** subsection (1) and consistent with good utility practice, and
 5 the protection of electric utility workers, electric utility
 6 equipment, and the general public, an electric utility may study,
 7 confirm, and ensure that an eligible electric generator
 8 installation at the customer's site meets the ~~IEEE 1547 anti-~~
 9 ~~islanding requirements or any applicable successor anti-islanding~~
 10 ~~requirements determined by the commission to be reasonable and~~
 11 ~~consistent with the purposes of this subdivision.~~ **IEEE 1547**
 12 **Standard for Interconnecting Distributed Resources with Electric**
 13 **Power Systems", a commission-approved update to IEEE 1547, or**
 14 **standards approved by the commission that enable operation in**
 15 **island mode.** If necessary to promote reliability or safety, the
 16 commission may promulgate rules that require the use of inverters
 17 that perform specific automated grid-balancing functions to
 18 integrate distributed generation onto the electric grid. Inverters
 19 that interconnect distributed generation resources may be owned and
 20 operated by electric utilities. Both of the following must be
 21 completed before the equipment is operated in parallel with the
 22 distribution system of the utility:

23 (i) Utility testing and approval of the interconnection,
 24 including all metering.

25 (ii) Execution of a parallel operating agreement.

26 (c) A uniform **distributed generation** application form and
 27 process to be used by all electric utilities and alternative
 28 electric suppliers in this state. Customers ~~who~~ **that** are served by
 29 an alternative electric supplier shall submit a copy of the



1 application to the electric utility for the customer's service
2 area.

3 ~~(d) Distributed generation customers with a system capable of~~
4 ~~generating 20 kilowatts or less qualify for true net metering.~~

5 ~~(e) Distributed generation customers with a system capable of~~
6 ~~generating more than 20 kilowatts qualify for modified net~~
7 ~~metering.~~

8 (d) ~~(7) Each~~ **A requirement that each** electric utility and
9 alternative electric supplier ~~shall~~ maintain records of all
10 applications and up-to-date records of all active eligible electric
11 generators located within ~~their~~ **its** service area.

12 (6) **Not later than 1 year after the effective date of the 2019**
13 **act that amended this section, the commission shall establish a**
14 **statewide uniform methodology by which an electric utility or**
15 **alternative electric supplier may establish a fair value tariff if**
16 **approved by the commission after a contested case hearing pursuant**
17 **to chapter 4 of the administrative procedures act of 1969, 1969 PA**
18 **306, MCL 24.271 to 24.288. Both of the following apply to a fair**
19 **value tariff:**

20 (a) **A fair value tariff shall meet all of the following**
21 **requirements:**

22 (i) **Allow distributed generation for self-service in each**
23 **billing period or time-of-use pricing period without any charge to**
24 **the customer.**

25 (ii) **Apply the same system access, delivery, and power supply**
26 **charges for net electricity delivered in each billing period or**
27 **time-of-use pricing period to a customer that participates in the**
28 **distributed generation program as to a customer that is similarly**
29 **situated but does not participate.**



1 (iii) Credit the customer for net excess generation by the
2 customer in each billing period or time-of-use pricing period that
3 is delivered to the local utility's distribution system. The
4 customer shall be credited at a rate that meets both of the
5 following requirements:

6 (A) Is not less than the full retail rate for a customer that
7 is similarly situated but does not participate in the distributed
8 generation program at the time of excess generation, minus the
9 delivery charge.

10 (B) Includes the value of the costs and benefits that will
11 accrue over a period of not less than 20 years, considering the
12 location and time of generation. The costs and benefits include,
13 but are not limited to, the following:

14 (I) Energy generated.

15 (II) Generation capacity.

16 (III) Avoided line losses.

17 (IV) Avoided transmission capacity.

18 (V) Avoided or deferred distribution system investments.

19 (VI) Voltage support and regulation.

20 (VII) Reduced fuel price risk to utility customers.

21 (VIII) Reasonably quantifiable economic development benefits
22 including job creation and local tax revenue benefits.

23 (IX) Any other quantifiable benefits.

24 (X) Any costs to the electric provider incurred to serve
25 distributed generation customers reflecting actual penetration
26 levels.

27 (iv) Not establish the rate or other terms based on
28 consideration of whether or to whom the customer sells renewable
29 energy credits owned by the customer under section 179. The



1 customer may, under a separate contract, sell the renewable energy
 2 credits to the electric utility, the alternative electric supplier,
 3 or a third party.

4 (v) Require a utility to recalculate a fair value tariff,
 5 subject to commission approval, in any proceeding that changes
 6 power supply tariffs.

7 (vi) Not impose any additional charges on a customer for
 8 participation in the distributed generation program.

9 (b) A fair value tariff may do any of the following:

10 (i) If the tariff credits the customer for capacity without
 11 deducting for forced outages, deduct standby charges for an
 12 eligible electric generator with capacity in excess of 500
 13 kilowatts based on the product of the utility's market cost of
 14 capacity and the average peak-coincident forced outage rate of
 15 customer generators using similar generation technology.

16 (ii) Based on known and measurable evidence of the cost or
 17 benefit of the distributed generation program to the electric
 18 utility or alternative electric supplier, incorporate other values
 19 into the fair value tariff, including credit for an eligible
 20 electric generator that is installed at a high-value location on
 21 the distribution grid.

22 (7) The distributed generation program shall include uniform
 23 provisions pursuant to which an electric utility or alternative
 24 energy supplier may enter a standard-offer contract for electricity
 25 generated by customers with eligible electric generators with a
 26 capacity of 500 kilowatts or more. A standard-offer contract shall
 27 meet all of the following requirements:

28 (a) Be on a form approved by the commission.

29 (b) In net present value, be economically equivalent to or



1 larger than the customer compensation that would be expected under
2 a fair value tariff and assign appropriate value to any reduced
3 uncertainty about future power supply costs for the electric
4 utility or alternative electric supplier and its other customers.

5 (c) Provide a fixed price schedule for power delivered from
6 the eligible electric generator over the full term of the contract,
7 subject to adjustment for changes in the Consumer Price Index. As
8 used in this subdivision, "Consumer Price Index" means the most
9 comprehensive index of consumer prices available for this state
10 from the Bureau of Labor Statistics of the United States Department
11 of Labor.

12 (d) Have a term of 20 years or more, unless a shorter term is
13 requested by the customer and agreed to by the electric utility or
14 alternative electric supplier.

15 (e) Provide a satisfactory basis for the customer to finance
16 the eligible electric generator through a lending institution under
17 normal commercial terms.

18 (f) Not establish the price or other terms based on
19 consideration of whether or to whom the customer sells the
20 renewable energy credits owned by the customer under section 179.
21 The customer may, under a separate contract, sell the renewable
22 energy credits to the electric utility, the alternative electric
23 supplier, or a third party.

24 (8) The distributed generation program shall include net
25 metering. An electric utility or alternative electric supplier
26 shall make net metering available to any customer that submits an
27 application. However, the commission may authorize an electric
28 utility or alternative electric supplier to suspend receipt of
29 applications to participate in net metering from customers with an



1 eligible electric generator with a capacity exceeding 500 kilowatts
2 when the electric utility or alternative supplier is offering a
3 fair value tariff or a standard-offer contract approved by the
4 commission for electricity from that type of eligible electric
5 generator. The commission may waive the application,
6 interconnection, and installation requirements under this part for
7 customers participating in the net metering program under the
8 commission's March 29, 2005 order in case no. U-14346.

9 Sec. 175. (1) An electric utility or alternative electric
10 supplier may charge a fee not to exceed \$50.00 to process an
11 application to participate in the distributed generation program.
12 ~~The~~**A** customer shall pay all interconnection costs. The commission
13 shall recognize the reasonable cost for each electric utility and
14 alternative electric supplier to operate a distributed generation
15 program. For an electric utility with 1,000,000 or more retail
16 customers in this state, the commission shall include in that
17 electric utility's nonfuel base rates all costs of meeting all
18 program requirements except that all energy costs of the program
19 shall be recovered through the utility's power supply cost recovery
20 mechanism under section 6j of 1939 PA 3, MCL 460.6j. For an
21 electric utility with fewer than 1,000,000 base distribution
22 customers in this state, the commission shall allow that electric
23 utility to recover all energy costs of the program through the
24 power supply cost recovery mechanism under section 6j of 1939 PA 3,
25 MCL 460.6j, and shall develop a cost recovery mechanism for that
26 utility to contemporaneously recover all other costs of meeting the
27 program requirements.

28 (2) The interconnection requirements of the distributed
29 generation program shall provide that an electric utility or



1 alternative electric supplier shall, subject to any time
 2 requirements imposed by the commission and upon reasonable written
 3 notice to the distributed generation customer, perform testing and
 4 inspection of an interconnected eligible electric generator as is
 5 necessary to determine that the ~~system~~ **eligible electric generator**
 6 complies with all applicable electric safety, power quality, and
 7 interconnection, including metering, requirements. The costs of
 8 testing and inspection are considered a cost of operating a
 9 distributed generation program and shall be recovered ~~under~~
 10 **pursuant to** subsection (1).

11 (3) The interconnection requirements shall require ~~all~~
 12 eligible electric generators, alternative electric suppliers, and
 13 electric utilities to comply with ~~all~~ applicable federal, state,
 14 and local laws, rules, ~~or~~ **and** regulations, and any national
 15 standards as determined by the commission.

16 Sec. 177. (1) ~~Electric~~ **In the distributed generation program,**
 17 **electric** meters shall be used to determine the amount of the
 18 customer's energy use in each billing period, net of any excess
 19 energy the customer's **eligible electric** generator delivers to the
 20 utility distribution system during that same billing period. For a
 21 customer with a ~~generation system~~ **an eligible electric generator**
 22 capable of generating more than 20 kilowatts, the utility shall
 23 install and utilize a generation meter and a meter or meters
 24 capable of measuring the flow of energy in both directions. A
 25 customer with a ~~system~~ **an eligible electric generator** capable of
 26 generating more than 150 kilowatts shall pay the costs of
 27 installing any new meters.

28 (2) An electric utility serving over 1,000,000 customers in
 29 this state may provide its customers participating in the



1 distributed generation program, at no additional charge, a meter or
2 meters capable of measuring the flow of energy in both directions.

3 (3) An electric utility serving fewer than 1,000,000 customers
4 in this state shall provide a meter or meters described in
5 subsection (2) to customers participating in the distributed
6 generation program at cost. Only the incremental cost above that
7 for meters provided by the electric utility to similarly situated
8 nongenerating customers shall be paid by the ~~eligible~~ customer
9 **participating in the distributed generation program.**

10 (4) If the ~~quantity value~~ of electricity generated and
11 delivered to the **electric** utility distribution system by an
12 eligible electric generator during a billing period exceeds the
13 ~~quantity value~~ of electricity supplied from the electric utility or
14 alternative electric supplier during the billing period, the
15 eligible customer shall be credited by ~~their~~ **the** supplier of
16 electric generation service for the excess ~~kilowatt hours value~~
17 generated during the billing period. The credit shall appear on the
18 bill for the following billing period. ~~and shall be limited to the~~
19 ~~total power supply charges on that bill. Any excess kilowatt hours~~
20 **value** not used to offset electric generation charges in the next
21 billing period will be carried forward to subsequent billing
22 periods. ~~Notwithstanding any law or regulation, distributed~~
23 ~~generation customers shall not receive credits for electric utility~~
24 ~~transmission or distribution charges. The credit per kilowatt hour~~
25 ~~for kilowatt hours delivered into the utility's distribution system~~
26 ~~shall be either of the following:~~

27 (a) ~~The monthly average real-time locational marginal price~~
28 ~~for energy at the commercial pricing node within the electric~~
29 ~~utility's distribution service territory, or for distributed~~



1 ~~generation customers on a time-based rate schedule, the monthly~~
 2 ~~average real-time locational marginal price for energy at the~~
 3 ~~commercial pricing node within the electric utility's distribution~~
 4 ~~service territory during the time-of-use pricing period.~~

5 ~~(b) The electric utility's or alternative electric supplier's~~
 6 ~~power supply component, excluding transmission charges, of the full~~
 7 ~~retail rate during the billing period or time-of-use pricing~~
 8 ~~period.~~

9 ~~(5) A charge for net metering and distributed generation~~
 10 ~~customers established pursuant to section 6a of 1939 PA 3, MCL~~
 11 ~~460.6a, shall not be reduced by any credit or other ratemaking~~
 12 ~~mechanism for distributed generation under this section.~~

13 ~~Sec. 179. A customer shall own any renewable~~ **Renewable** energy
 14 credits granted for electricity generated on the customer's site
 15 under the distributed generation program created in this part ~~are~~
 16 **owned as follows:**

17 **(a) By the customer, to the extent the electricity is utilized**
 18 **by the customer.**

19 **(b) By the electric provider, to the extent the electricity is**
 20 **delivered to the local utility's distribution system.**

21 Enacting section 1. Section 183 of the clean and renewable
 22 energy and energy waste reduction act, 2008 PA 295, MCL 460.1183,
 23 is repealed.

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

