

SENATE BILL NO. 597

October 23, 2019, Introduced by Senators MCBROOM, BAYER, ALEXANDER, IRWIN and HOLLIER and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled "Clean and renewable energy and energy waste reduction act," by amending sections 7, 173, and 177 (MCL 460.1007, 460.1173, and 460.1177), as amended by 2016 PA 342.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7. As used in this act:
- 2 (a) "Gasification facility" means a facility located in this
- 3 state that, using a thermochemical process that does not involve

1 direct combustion, produces synthesis gas, composed of carbon
2 monoxide and hydrogen, from carbon-based feedstocks ~~(such~~**such** as
3 coal, petroleum coke, wood, biomass, hazardous waste, medical
4 waste, industrial waste, and solid waste, including, but not
5 limited to, municipal solid waste, electronic waste, and waste
6 described in section 11514 of the natural resources and
7 environmental protection act, 1994 PA 451, MCL ~~324.11514)~~
8 **324.11514**, and that uses the synthesis gas or a mixture of the
9 synthesis gas and methane to generate electricity for commercial
10 use. Gasification facility includes the transmission lines, gas
11 transportation lines and facilities, and associated property and
12 equipment specifically attributable to such a facility.
13 Gasification facility includes, but is not limited to, an
14 integrated gasification combined cycle facility and a plasma arc
15 gasification facility.

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

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

22 (d) "Integrated gasification combined cycle facility" means a
23 gasification facility that uses a thermochemical process, including
24 high temperatures and controlled amounts of air and oxygen, to
25 break substances down into their molecular structures and that uses
26 exhaust heat to generate electricity.

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

29 (f) "LEED" means the leadership in energy and environmental

1 design green building rating system developed by the United States
2 Green Building Council.

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

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

10 (i) "Modified net metering" means a utility billing method
11 that applies the power supply component of the full retail rate to
12 the net of the bidirectional flow of kilowatt hours across the
13 customer interconnection with the utility distribution system,
14 during a billing period or time-of-use pricing period. A negative
15 net metered quantity during the billing period or during each time-
16 of-use pricing period within the billing period reflects net excess
17 generation for which the customer is entitled to receive credit
18 under section 177(4). Under modified net metering, standby charges
19 for distributed generation customers on an energy rate schedule
20 shall be equal to the retail distribution charge applied to the
21 imputed customer usage during the billing period. The imputed
22 customer usage is calculated as the sum of the metered on-site
23 generation and the net of the bidirectional flow of power across
24 the customer interconnection during the billing period. The
25 commission shall establish standby charges under modified net
26 metering for distributed generation customers on demand-based rate
27 schedules that provide an equivalent contribution to utility system
28 costs. ~~A charge for net metering and distributed generation~~
29 ~~customers established pursuant to section 6a of 1939 PA 3, MCL~~

1 ~~460.6a, shall not be recovered more than once. This subdivision is~~
2 ~~subject to section 177(5).~~

3 Sec. 173. (1) The commission shall establish a distributed
4 generation program by order issued ~~not later than 90 days after the~~
5 ~~effective date of the 2016 act that amended this section.~~ **by July**
6 **19, 2017.** The commission may promulgate rules the commission
7 considers necessary to implement this program. Any rules adopted
8 regarding time limits for approval of parallel operation shall
9 recognize reliability and safety complications including those
10 arising from equipment saturation, use of multiple technologies,
11 and proximity to synchronous motor loads. The program shall apply
12 to all electric utilities whose rates are regulated by the
13 commission and alternative electric suppliers in this state.

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

25 ~~(3) An electric utility or alternative electric supplier is~~
26 ~~not required to allow for a distributed generation program that is~~
27 ~~greater than 1% of its average in-state peak load for the preceding~~
28 ~~5 calendar years. The electric utility or alternative electric~~
29 ~~supplier shall notify the commission if its distributed generation~~

1 ~~program reaches the 1% limit under this subsection. The 1% limit~~
 2 ~~under this subsection shall be allocated as follows:~~

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

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

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

10 **(3) (4) Selection of customers who have submitted a complete**
 11 **application** for participation in the distributed generation program
 12 shall be based ~~on the order in which the applications for~~
 13 ~~participation in the program are received by the electric utility~~
 14 ~~or alternative electric supplier.~~ **solely on meeting the**
 15 **interconnection and equipment requirements for participation. An**
 16 **electric utility or alternative electric supplier shall not**
 17 **restrict the number of participants in the distributed generation**
 18 **program unless, in a hearing before the commission, it demonstrates**
 19 **to the satisfaction of the commission that the restriction is**
 20 **necessary to protect the public health and safety or the integrity**
 21 **of the distribution system.**

22 **(4) (5) An electric utility or alternative electric supplier**
 23 **shall not discontinue or refuse to provide electric service to a**
 24 **customer solely because the customer participates in the**
 25 **distributed generation program.**

26 **(5) (6) The distributed generation program created under**
 27 **subsection (1) shall include all of the following:**

28 **(a) Statewide uniform interconnection requirements for all**
 29 **eligible electric generators. The interconnection requirements**

1 shall be designed to protect electric utility workers and equipment
2 and the general public.

3 (b) ~~Distributed~~ **Requirements that distributed** generation
4 equipment and its installation ~~shall~~ meet all current local and
5 state electric and construction code requirements. Any equipment
6 that is certified by a nationally recognized testing laboratory to
7 IEEE 1547.1 testing standards and in compliance with UL 1741 scope
8 1.1A, effective May 7, 2007, **or updates to those testing standards**
9 **and scope approved by the commission**, and **that is** installed in
10 compliance with this part is considered to be compliant. Within the
11 time provided by the commission ~~in rules promulgated under~~ **pursuant**
12 **to** subsection (1) and consistent with good utility practice, and
13 the protection of electric utility workers, electric utility
14 equipment, and the general public, an electric utility may study,
15 confirm, and ensure that an eligible electric generator
16 installation at the customer's site meets the IEEE 1547 anti-
17 islanding requirements or any applicable successor anti-islanding
18 requirements determined by the commission to be reasonable and
19 consistent with the purposes of this subdivision. If necessary to
20 promote reliability or safety, the commission may promulgate rules
21 that require the use of inverters that perform specific automated
22 grid-balancing functions to integrate distributed generation onto
23 the electric grid. Inverters that interconnect distributed
24 generation resources may be owned and operated by electric
25 utilities. Both of the following must be completed before the
26 equipment is operated in parallel with the distribution system of
27 the utility:

28 (i) Utility testing and approval of the interconnection,
29 including all metering.

1 (ii) Execution of a parallel operating agreement.

2 (c) A uniform **distributed generation** application form and
3 process to be used by all electric utilities and alternative
4 electric suppliers in this state. Customers ~~who~~**that** are served by
5 an alternative electric supplier shall submit a copy of the
6 application to the electric utility for the customer's service
7 area.

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

10 ~~(e) Distributed generation customers with a system capable of~~
11 ~~generating more than 20 kilowatts qualify for modified net~~
12 ~~metering.~~

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

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

27 (2) An electric utility serving over 1,000,000 customers in
28 this state may provide its customers participating in the
29 distributed generation program, at no additional charge, a meter or

1 meters capable of measuring the flow of energy in both directions.

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

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

24 (a) The monthly average real-time locational marginal price
25 for energy at the commercial pricing node within the electric
26 utility's distribution service territory, or for distributed
27 generation customers on a time-based rate schedule, the monthly
28 average real-time locational marginal price for energy at the
29 commercial pricing node within the electric utility's distribution

1 service territory during the time-of-use pricing period.

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

6 ~~(5) A charge for net metering and distributed generation~~
7 ~~customers established pursuant to section 6a of 1939 PA 3, MCL~~
8 ~~460.6a, shall not be reduced by any credit or other ratemaking~~
9 ~~mechanism for distributed generation under this section.~~

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

12 Enacting section 2. This amendatory act does not take effect
13 unless Senate Bill No. 598 of the 100th Legislature is enacted into
14 law.