

HOUSE BILL NO. 4839

June 22, 2023, Introduced by Reps. Hill, McKinney, Byrnes, Morgan, Price, Wilson, Hood, Brabec, Paiz, MacDonell, Glanville, McFall, Pohutsky, Churches, Arbit, Young, Steckloff, Andrews, Hope, Tsernoglou and Whitsett and referred to the Committee on Energy, Communications, and Technology.

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
(MCL 460.1001 to 460.1211) by adding part 8.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **PART 8.**
2 **DISTRIBUTED GENERATION AND STORAGE**
3 **Sec. 231. As used in this part:**
4 **(a) "Aggregator" means a party other than the electric utility**
5 **or its affiliate that represents and aggregates the load of**

1 participating customers who collectively have the ability to deploy
2 100 kilowatts or more of behind-the-meter eligible electric
3 generators or behind-the-meter energy storage systems.

4 (b) "Behind-the-meter eligible electric generator" means an
5 eligible electric generator that is connected to the customer's
6 electrical load and located on the customer side of the customer's
7 electric meter.

8 (c) "Behind-the-meter energy storage system" means an energy
9 storage system that is connected to the customer's electrical load
10 and located on the customer side of the customer's electric meter.

11 (d) "Distributed energy resources management system" means a
12 platform that may be used to integrate grid resources, such as
13 distributed energy resources, into system operations.

14 (e) "Eligible electric generator" means a customer's renewable
15 energy system, cogeneration facility, or waste heat recovery
16 system, which may be coupled to or colocated with an energy storage
17 system, that meets both of the following requirements:

18 (i) Is located in this state.

19 (ii) Has a generation capacity that is consistent with the
20 safety and reliability requirements of the customer's
21 interconnection.

22 (f) "Energy storage system" means any technology that is
23 capable of absorbing energy, storing the energy for a period of
24 time, and then redelivering the energy. Energy storage system does
25 not include either of the following:

26 (i) Fossil fuel storage.

27 (ii) Power-to-gas storage that directly uses fossil fuel
28 inputs.

29 Sec. 233. (1) Within 60 days after the effective date of the

1 amendatory act that added this section, the commission shall
2 initiate a proceeding to develop program requirements for
3 aggregators and individual customer owners of behind-the-meter
4 eligible electric generators and behind-the-meter energy storage
5 systems connected to the distribution system to provide
6 distribution system benefits, including through non-electric-
7 utility-owned distributed energy resources management systems. The
8 commission shall adopt the requirements within 180 days after the
9 effective date of the amendatory act that added this section.

10 (2) The commission shall solicit input from the department of
11 environment, Great Lakes, and energy, electric providers whose
12 rates are regulated by the commission, industry representatives,
13 stakeholders, and the attorney general in developing the program
14 requirements.

15 (3) The program requirements shall provide for compensation
16 for performance of aggregated and individual behind-the-meter
17 eligible electric generators and aggregated and individual behind-
18 the-meter energy storage systems connected to the electric
19 distribution system to effectively leverage the value of the
20 behind-the-meter eligible electric generators and behind-the-meter
21 energy storage systems to achieve objectives, including, but not
22 limited to, the following:

23 (a) Increased resilience and reliability of the distribution
24 and transmission systems through the deployment of back-up power.

25 (b) Positive net present value or demonstrated savings to all
26 ratepayers, including the avoidance of costly investments by
27 electric distribution companies.

28 (c) Fair compensation for the full value of services provided
29 by behind-the-meter eligible electric generators and behind-the-

1 meter energy storage systems, including, but not limited to, all of
2 the following:

3 (i) Improved efficiency of the transmission and distribution
4 system.

5 (ii) Other grid services.

6 (iii) Reduced peak demand.

7 (iv) Increased customer, local, or community resilience,
8 especially in areas with higher than average electric outages.

9 (v) Ancillary services.

10 (vi) Reduced supply capacity constraints.

11 (vii) Reduced localized air pollution in environmental justice
12 communities.

13 (viii) Increased deployment of behind-the-meter eligible
14 electric generators and behind-the-meter energy storage systems.

15 (4) The program requirements shall meet all of the following
16 conditions:

17 (a) Be based on the best available data and design from
18 similarly designed programs in other states.

19 (b) Allow the owners or aggregators of behind-the-meter
20 eligible electric generators and behind-the-meter energy storage
21 systems to be compensated for the enrolled available supply
22 capacity and benefits provided to the grid, including, but not
23 limited to, the following:

24 (i) Electric energy.

25 (ii) Demand response.

26 (iii) Load shifting.

27 (iv) Generation shifting.

28 (v) Locational value.

1 (vi) Voltage support or other ancillary services.

2 Greater compensation may be provided for deployment scenarios
3 that face greater economic hurdles or for customer classes that are
4 of low-to-moderate income, are located in environmental justice
5 communities, or have experienced higher than average electric
6 outages.

7 (c) Apportion the costs of the compensation under subdivision
8 (b) to ratepayers using a methodology approved by the commission.

9 (d) Allow the owner of a behind-the-meter eligible electric
10 generator or behind-the-meter energy storage system to provide
11 services to, or participate in, the wholesale electricity market.

12 (e) Prohibit utility ownership or control of or direct access
13 to a behind-the-meter eligible electric generator or behind-the-
14 meter energy storage system.

15 (f) Prohibit the imposition on the owner or operator of a
16 behind-the-meter eligible electric generator or behind-the-meter
17 energy storage system of any charge, fee, or insurance requirement
18 not imposed on persons who are not owners or operators of behind-
19 the-meter eligible electric generators or behind-the-meter energy
20 storage systems.

21 Sec. 234. In the next general rate case filing after the
22 commission adopts program requirements under section 233 each
23 electric provider whose rates are regulated by the commission shall
24 file with the commission a proposed program that complies with
25 those requirements. The proposal may provide for program
26 implementation by a third party. The commission shall approve the
27 programs, with or without modification, in the order resolving the
28 rate case filing.

29 Sec. 235. (1) When the applicable regional transmission

1 organization implements Federal Energy Regulatory Commission Order
2 2222, the commission shall determine if the manner in which the
3 order is implemented requires any modification of the program
4 requirements adopted under section 233, such as storage system
5 capacity requirements, to increase program participation.

6 (2) By January 1, 2025 and every 2 years thereafter, the
7 commission shall prepare and submit to the legislature a report
8 containing both of the following:

9 (a) Findings and recommendations regarding the program
10 requirements.

11 (b) Recommendations for legislative or regulatory action,
12 including, but not limited to, action to do any the following:

13 (i) Stabilize the power supply.

14 (ii) Better integrate renewable energy systems.

15 (iii) Reduce peak demand.

16 (iv) Reduce air pollution.

17 (v) Reduce costs to ratepayers.