

SENATE BILL NO. 518

September 04, 2025, Introduced by Senators IRWIN, MCBROOM, SHINK, POLEHANKI, CHANG, BAYER, CAVANAGH, DALEY and MCMORROW and referred to Committee on Energy and Environment.

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
by amending section 5 (MCL 460.1005), as amended by 2023 PA 235,
and by adding part 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 5. As used in this act:
- 2 (a) "Efficient electrification measure" means an electric
- 3 appliance or equipment installed in an existing building to
- 4 electrify, in whole or in part, space heating, water heating,

cooling, drying, cooking, industrial processes, or another building or industrial end use that would otherwise be served by combustion of fossil fuel on the premises and that meets best-practice standards for cost-effective energy efficiency as determined by the commission. Efficient electrification measure includes, but is not limited to, any of the following:

(i) A cold-climate air-source heat pump.

(ii) An electric clothes dryer.

(iii) A ground-source heat pump.

(iv) High-efficiency electric cooking equipment.

(v) A heat pump or high-efficiency electric water heater.

(b) "Efficient electrification measures plan" means a plan to offer and promote efficient electrification measures.

(c) "Efficient electrification measures program" means a program to implement an efficient electrification measures plan.

(d) "Electric provider" means any of the following:

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

(ii) ~~A—Except as used in part 9, a~~ municipally owned electric utility in this state.

(iii) ~~A—Except as used in part 9, a~~ cooperative electric utility in this state.

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

(e) "Eligible electric generator" means a methane digester or renewable energy system with a generation capacity limited to 110% of the customer's electricity consumption for the previous 12

1 months.

2 (f) "Energy conservation" means the reduction of customer
3 energy use through the installation of measures or changes in
4 energy usage behavior.

5 (g) "Energy efficiency" means a decrease in customer
6 consumption of electricity or natural gas achieved through measures
7 or programs that target customer behavior, equipment, devices, or
8 materials without reducing the quality of energy services.

9 (h) "Energy star" means the voluntary partnership among the
10 United States Department of Energy, the United States Environmental
11 Protection Agency, product manufacturers, local utilities, and
12 retailers to help promote energy efficient products by labeling
13 with the energy star logo, educate consumers about the benefits of
14 energy efficiency, and help promote energy efficiency in buildings
15 by benchmarking and rating energy performance.

16 (i) "Energy storage system" means any technology that is
17 capable of absorbing energy, storing the energy for a period of
18 time, and redelivering the energy. Energy storage system does not
19 include either of the following:

20 (i) Fossil fuel storage.

21 (ii) Power-to-gas storage that directly uses fossil fuel
22 inputs.

23 (j) "Energy waste reduction", subject to subdivision (k),
24 means all of the following:

25 (i) Energy efficiency.

26 (ii) Load management, to the extent that the load management
27 reduces provider costs.

28 (iii) Energy conservation, but only to the extent that the
29 decreases in the consumption of electricity produced by energy

1 conservation are objectively measurable and attributable to an
2 energy waste reduction plan.

3 (k) Energy waste reduction does not include electric provider
4 infrastructure projects that are approved for cost recovery by the
5 commission other than as provided in this act.

6 (l) "Energy waste reduction credit" means a credit certified
7 pursuant to section 87. ~~that represents achieved energy waste~~
8 ~~reduction.~~

9 (m) "Energy waste reduction plan" means a plan under section
10 71.

11 (n) "Energy waste reduction standard" means the minimum energy
12 savings required to be achieved under section 77.

13 (o) "Federal approval" means approval by the applicable
14 regional transmission organization or other Federal Energy
15 Regulatory Commission-approved transmission planning process of a
16 transmission project that includes the transmission line. Federal
17 approval may be evidenced in any of the following manners:

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

21 (ii) The applicable regional transmission organization has
22 informed the electric utility, affiliated transmission company, or
23 independent transmission company that a transmission project
24 submitted for an out-of-cycle project review has been approved by
25 the applicable regional transmission organization, and the approved
26 transmission project includes the proposed transmission line.

27 (iii) If, after October 6, 2008, the applicable regional
28 transmission organization ~~utilizes~~**develops** another approval
29 process for transmission projects proposed by an electric utility,

1 affiliated transmission company, or independent transmission
2 company, the proposed transmission line is included in a
3 transmission project approved by the applicable regional
4 transmission organization through the approval process developed
5 after October 6, 2008.

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

8 PART 9.

9 COMMUNITY SOLAR FACILITIES

10 Sec. 241. As used in this part:

11 (a) "Applicable bill credit rate" means the dollar-per-
12 kilowatt-hour rate established by the commission under section
13 245(2) to calculate a subscriber's bill credit.

14 (b) "Bill credit" means the monetary value of the electricity
15 in kilowatt-hours generated by the community solar facility
16 allocated to a subscriber to offset that subscriber's electricity
17 bill.

18 (c) "Community solar facility" means a facility, which may be
19 located on 1 or more parcels of land, that meets all of the
20 following requirements:

21 (i) Generates electricity by means of a solar photovoltaic
22 device.

23 (ii) Produces for each subscriber a bill credit for the
24 electricity generated in proportion to the size of the subscriber's
25 subscription.

26 (iii) Is connected to the electric distribution grid serving
27 this state.

28 (iv) Has at least 3 subscribers.

29 (v) For the purpose of initial program qualifications, does

1 not have a point of interconnection located within 1 mile of the
2 point of interconnection of a solar facility under the control of
3 the same entity.

4 (vi) Has no subscriber that holds more than a 40% proportional
5 interest in the output of the system.

6 (vii) Beginning 1 year after commencing operation, has not less
7 than 60% of its capacity subscribed by subscriptions of 40
8 kilowatts or less.

9 (viii) Has a capacity of not greater than 5 megawatts
10 alternating current.

11 (d) "Control" means the possession, directly or indirectly, of
12 the power to direct the management and policies of an entity,
13 whether through the ownership of voting securities, by contract, or
14 otherwise. Control exists when affiliates have shared sales or
15 revenue-sharing arrangements or common debt and equity financing
16 arrangements, but control is not limited to such situations.

17 (e) "Low-income household" means a household that meets any of
18 the following conditions:

19 (i) Has a household income of not more than 80% of the area
20 median household income, as published by the United States
21 Department of Housing and Urban Development.

22 (ii) Has a household income of not more than 200% of the
23 poverty line as defined in section 2110 of the Social Security Act,
24 42 USC 1397jj.

25 (iii) Is enrolled in a low-income program facilitated by this
26 state or overseen by the electric utility.

27 (iv) Other low-income criteria as determined by the commission.

28 (f) "Low-income service organization" means an organization
29 that provides services, assistance, or housing to individuals in

1 low-income households and may include a central tribal government,
2 or a tribally designated housing authority.

3 (g) "Nonministerial permits" means governmental permits and
4 approvals to construct the project, other than ministerial permits
5 such as a building permit.

6 (h) "Subscriber" means a retail electric customer of an
7 electric provider that meets all of the following requirements:

8 (i) The subscriber owns 1 or more subscriptions to a community
9 solar facility interconnected with and located in the service
10 territory of the electric provider.

11 (ii) The subscriber's property to the electric bill of which
12 the bill credits are applied is located in the same service
13 territory described in subparagraph (i).

14 (i) "Subscriber organization" means a for-profit or nonprofit
15 entity that owns or operates 1 or more community solar facilities.

16 (j) "Subscription" means a contract between a subscriber and
17 the owner of a community solar facility under which the estimated
18 bill credits of the subscriber do not exceed the average annual
19 bill for the customer account to which the subscription is
20 attributed.

21 Sec. 243. (1) An electric provider shall apply a bill credit
22 to a subscriber's monthly electric bill for the output of a
23 community solar facility during the immediately preceding month
24 attributable to that subscriber. The value of the bill credit shall
25 be calculated by multiplying the subscriber's portion of the
26 kilowatt-hour electricity production from the community solar
27 facility by the applicable bill credit rate for the subscriber. Any
28 amount of the bill credit that exceeds the subscriber's monthly
29 bill shall be carried over and applied to the next monthly bill as

1 many times as necessary until the entire credit has been applied.

2 (2) An electric provider shall provide bill credits to each of
3 a community solar facility's subscribers for electricity generated
4 by the community solar facility for not less than 25 years from the
5 date the community solar facility begins commercial operation. When
6 an electric provider files tariffs with the commission, the
7 electric provider shall include options in the tariffs that allow a
8 subscriber to receive bill credits for the subscriber's electricity
9 bills.

10 (3) A subscriber organization shall provide a subscriber list
11 to the electric provider in whose service territory the subscriber
12 organization's community solar facility is located. The subscriber
13 list shall be in a standardized electronic format and specify the
14 percentage of the community solar facility's generation
15 attributable to each subscriber. The subscriber organization shall
16 update the subscriber list by removing subscribers that cancel
17 their subscriptions and adding new subscribers.

18 (4) An electric provider shall, on a monthly basis and in a
19 standardized electronic format, provide to a subscriber
20 organization that has a community solar facility within the
21 electric provider's service territory a report that specifies both
22 of the following:

23 (a) The total value of bill credits generated by the
24 subscriber organization's community solar facility in the prior
25 month.

26 (b) The amount of the bill credit applied under subsection (1)
27 to each subscriber.

28 (5) A subscriber organization may accumulate bill credits if
29 all of the electricity generated by a community solar facility is

1 not allocated to subscribers in a given month. On an annual basis,
2 the subscriber organization shall provide to the electric provider
3 whose service territory includes the location of the subscriber
4 organization's community solar facility instructions for
5 distributing excess bill credits to subscribers.

6 (6) Any renewable energy credits for electricity generated by
7 a community solar facility are the property of the subscriber
8 organization that owns or operates the community solar facility.
9 The subscriber organization may sell, accumulate, retire, or
10 distribute to subscribers the subscriber organization's renewable
11 energy credits.

12 Enacting section 1. This amendatory act does not take effect
13 unless Senate Bill No. 519 of the 103rd Legislature is enacted into
14 law.