

CLEAN AND RENEWABLE ENERGY AND ENERGY WASTE REDUCTION ACT (EXCERPT)
Act 295 of 2008

460.1077 Incremental energy savings; goals; determination; calculations; basis; substitution.

Sec. 77.

(1) Subject to section 97, each year beginning 2026, an electric provider's energy waste reduction programs under this subpart shall collectively achieve incremental energy savings equivalent to 1.5% of total retail electricity sales in megawatt hours in the preceding year, with an average life of at least 8 years for energy waste reduction measures.

(2) As a goal, an electric provider's energy waste reduction programs under this subpart should collectively achieve incremental energy savings equivalent to 2% of total retail electricity sales in megawatt hours in the preceding year, with an average life of at least 8 years for energy waste reduction measures. This goal should be included in the electric provider's integrated resource plan modeling scenarios under section 6t of 1939 PA 3, MCL 460.6t.

(3) An electric provider whose rates are regulated by the commission shall not include electrification measures in the calculation of its energy waste reduction savings for purposes of meeting the energy waste reduction standard or for determining eligibility for incentives under section 75. If an electric provider whose rates are not regulated by the commission implements an efficient electrification measures plan as authorized by section 72, any reduction in energy consumption at a customer premises from the conversion of fossil fuel use to electric equipment qualifies as incremental energy savings for the purposes of subsections (1) and (2). The reduction in energy consumption shall be calculated as provided in section 72(2).

(4) If an electric provider has a program to promote the installation of qualifying cold-climate air-source heat pumps or qualifying ground-source heat pumps and includes incentives to improve building envelope energy efficiency for participating homes, the electric provider may count the savings from the building envelope efficiency improvements toward each year's annual savings requirement, regardless of the original heating fuel source, subject to all of the following:

(a) Savings from building envelope efficiency improvements for preexisting propane heating shall be credited to electricity savings at a conversion rate of 27 kWh per gallon of propane saved.

(b) Savings from building envelope efficiency improvements for preexisting oil heating shall be credited to electricity savings at a conversion rate of 40 kWh per gallon of fuel oil saved.

(c) Savings for building envelope efficiency improvements for preexisting natural gas heating shall be credited to electricity savings at a conversion rate of 29 kWh per therm of gas saved.

(5) If an electric provider uses load management to achieve energy savings under its energy waste reduction plan, the minimum energy savings required under subsection (1) shall be adjusted by an amount such that the ratio of the minimum energy savings to the sum of actual expenditures for implementing its approved energy waste reduction plan and the load management expenditures remains constant.

(6) A natural gas provider may claim natural gas savings resulting from investments in qualifying efficient electrification measures, or investments in building envelope efficiency improvements made as part of projects involving qualifying efficient electrification measures, if the savings are not also counted toward an electric utility's savings goals. When a natural gas provider and an electric provider are both involved in a qualifying efficient electrification measures project, including a project that involves both building envelope efficiency and qualifying efficient electrification measures, the providers shall work together to reach an agreement on how savings claims will be allocated between the providers. The commission may adopt standards or default provisions for the allocation of savings claims between providers that apply if the providers are unable to reach an agreement.

(7) Subject to section 97, a natural gas provider's energy waste reduction program under this subpart shall achieve the following:

(a) Each year through 2025, incremental energy savings equivalent to 0.75% of total retail natural gas sales in decatherms or equivalent MCFs in the preceding year.

(b) Each year beginning 2026, incremental energy savings equivalent to 0.875% of total retail natural gas sales in decatherms or equivalent MCFs in the preceding year with an average savings life of at least 10 years.

(8) Incremental energy savings under subsection (1) or (7) for a year shall be determined for a provider by adding the energy savings expected to be achieved by energy waste reduction measures implemented during that year under any energy waste reduction programs consistent with the provider's energy waste reduction plan. The energy savings expected to be achieved shall be determined using a savings database or other savings measurement approach as determined reasonable by the commission.

(9) For purposes of calculations under subsection (1) or (7), total retail electricity or natural gas sales in a year shall be based on 1 of the following at the option of the provider as specified in its energy waste reduction plan:

(a) The number of weather-normalized megawatt hours or decatherms or equivalent MCFs sold by the provider

to retail customers in this state during the year preceding the year for which incremental energy savings are being calculated.

(b) The average number of megawatt hours or decatherms or equivalent MCFs sold by the provider during the 3 years preceding the year for which incremental energy savings are being calculated.

(10) For any year after 2012, an electric provider may substitute renewable energy credits associated with renewable energy generated that year from a renewable energy system constructed after October 6, 2008, load management that reduces overall energy usage, or a combination thereof for energy waste reduction credits otherwise required to meet the energy waste reduction standard, if the substitution is approved by the commission. The commission shall not approve a substitution unless the commission determines that the substitution is cost-effective.

(11) Renewable energy credits, load management that reduces overall energy usage, or a combination thereof shall not be used by a provider to meet more than 10% of the energy waste reduction standard. Substitutions for energy waste reduction credits shall be made at the rate of 1 renewable energy credit per energy waste reduction credit.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008 ;-- Am. 2016, Act 342, Eff. Apr. 20, 2017 ;-- Am. 2023, Act 229, Eff. Feb. 13, 2024

Compiler's Notes: Enacting section 1 of Act 295 of 2008 provides: "Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."