

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

PART 5.  
DISTRIBUTED GENERATION

**460.1171 "Electric utility" defined.**

Sec. 171. As used in this part, "electric utility" means any person or entity whose rates are regulated by the commission for the purpose of selling electricity to retail customers in this state.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008.

**Compiler's note:** 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."

**460.1173 Distribution generation program.**

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

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

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

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

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

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

(4) Selection of customers for participation in the distributed generation program shall be based on the order in which the applications for participation in the program are received by the electric utility or alternative electric supplier.

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

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

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

(b) Distributed generation equipment and its installation shall meet all current local and state electric and construction code requirements. Any equipment that is certified by a nationally recognized testing laboratory to IEEE 1547.1 testing standards and in compliance with UL 1741 scope 1.1A, effective May 7, 2007, and installed in compliance with this part is considered to be compliant. Within the time provided by the commission in rules promulgated under subsection (1) and consistent with good utility practice, and the protection of electric utility workers, electric utility equipment, and the general public, an electric utility may study, confirm, and ensure that an eligible electric generator installation at the customer's site meets the IEEE 1547 anti-islanding requirements or any applicable successor anti-islanding requirements determined by the commission to be reasonable and consistent with the purposes of this subdivision. If necessary to promote reliability or safety, the commission may promulgate rules that require the use of inverters that perform specific automated grid-balancing functions to integrate distributed generation onto the electric grid. Inverters that interconnect distributed generation resources may be owned and operated by electric utilities. Both of the

following must be completed before the equipment is operated in parallel with the distribution system of the utility:

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

(ii) Execution of a parallel operating agreement.

(c) A uniform application form and process to be used by all electric utilities and alternative electric suppliers in this state. Customers who are served by an alternative electric supplier shall submit a copy of the application to the electric utility for the customer's service area.

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

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

(7) Each electric utility and alternative electric supplier shall maintain records of all applications and up-to-date records of all active eligible electric generators located within their service area.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017.

**Compiler's note:** 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."

#### **460.1175 Participation in distribution generation program; application fee; limitation; costs; interconnection requirements.**

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

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

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

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017.

**Compiler's note:** 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."

#### **460.1177 Customer's energy use in billing period; use of meters; credit; charges pursuant to MCL 460.6a.**

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

(2) An electric utility serving over 1,000,000 customers in this state may provide its customers participating in the distributed generation program, at no additional charge, a meter or meters capable of measuring the flow of energy in both directions.

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

customers shall be paid by the eligible customer.

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

(a) The monthly average real-time locational marginal price for energy at the commercial pricing node within the electric utility's distribution service territory, or for distributed generation customers on a time-based rate schedule, the monthly average real-time locational marginal price for energy at the commercial pricing node within the electric utility's distribution service territory during the time-of-use pricing period.

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

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

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017.

**Compiler's note:** 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."

#### **460.1179 Renewable energy credits.**

Sec. 179. A customer shall own any renewable energy credits granted for electricity generated on the customer's site under the distributed generation program created in this part.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017.

**Compiler's note:** 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."

#### **460.1181 Finding of noncompliance; remedies and penalties.**

Sec. 181. Upon a complaint or on the commission's own motion, if the commission finds, after notice and hearing, that an electric utility has not complied with a provision or order issued under this part, the commission shall order remedies and penalties as necessary to make whole a customer or other person who has suffered damages as a result of the violation.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008.

**Compiler's note:** 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."

#### **460.1183 Customer participating in net metering program before tariff established pursuant to MCL 460.6a; election to continue to receive service under program.**

Sec. 183. (1) A customer participating in a net metering program approved by the commission before the commission establishes a tariff pursuant to section 6a(14) of 1939 PA 3, MCL 460.6a, may elect to continue to receive service under the terms and conditions of that program for up to 10 years from the date of enrollment.

(2) Subsection (1) does not apply to an increase in the generation capacity of the customer's eligible electric generator beyond the capacity on the effective date of this section.

**History:** Add. 2016, Act 342, Eff. Apr. 20, 2017.

#### **460.1185 Industrial customer building, owning, or operating self-generation or cogeneration facilities.**

Sec. 185. Notwithstanding any other provision of this act, this act does not limit or restrict an industrial customer's ability to build, own, or operate, or have a third party build, own, or operate 1 or more self-generation or cogeneration facilities, and none of the provisions of part 5 shall be construed or interpreted to apply to such facilities.

**History:** Add. 2016, Act 342, Eff. Apr. 20, 2017.