

**SUBSTITUTE FOR
HOUSE BILL NO. 4283**

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
by amending sections 28, 29, and 32 (MCL 460.1028, 460.1029, and
460.1032), sections 28 and 29 as amended and section 32 as added by
2023 PA 235, and by adding section 34.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 28. (1) An electric provider shall achieve a renewable
2 energy credit portfolio of at least the following:

3 (a) Through 2029, 15%.

4 (b) In 2030 through 2034, 50%.

5 (c) In 2035 and each year thereafter, 60%.

6 (2) An electric provider's renewable energy credit portfolio
7 shall be calculated as follows:



1 (a) Determine the number of renewable energy credits used to
2 comply with this subpart during the applicable year.

3 (b) Divide by 1 of the following at the option of the electric
4 provider as specified in its renewable energy plan:

5 (i) The number of weather normalized megawatt hours of
6 electricity sold by the electric provider during the previous year
7 to retail customers in this state, less the amount of sales
8 attributable to customers participating in an electric provider's
9 voluntary green pricing program under section 61 and the outflow
10 from customers participating in the distributed generation program
11 under section 173 for that year.

12 (ii) The average number of megawatt hours of electricity sold
13 by the electric provider annually during the previous 3 years to
14 retail customers in this state, less the amount of sales
15 attributable to customers participating in an electric provider's
16 voluntary green pricing program under section 61 and the outflow
17 from customers participating in the distributed generation program
18 under section 173 for that year.

19 (c) Multiply the quotient under subdivision (b) by 100.

20 (3) Notwithstanding subsection (1) and subject to subsection
21 (4), in any year a cooperative electric provider or a multistate
22 electric provider may calculate its maximum renewable energy credit
23 portfolio requirement as follows:

24 (a) Determine the number of megawatt hours of electricity sold
25 by the electric provider to retail customers in this state using
26 the option the electric provider selected under subsection (2)(b).

27 (b) Subtract the number of megawatt hours of nuclear energy
28 that the electric provider obtained from a system located in this
29 state that the electric provider owned or from which the electric



1 provider had contracted to receive nuclear energy on or before
2 January 1, 2024.

3 (4) An electric provider described in subsection (3) is
4 required to achieve a renewable energy credit portfolio equal only
5 to the electric provider's maximum renewable energy credit
6 portfolio requirement if the electric provider's maximum renewable
7 energy credit portfolio requirement is less than the number of
8 renewable energy credits required to comply with the applicable
9 standard in subsection (1). If the electric provider is a
10 multistate electric provider, and the electric provider's maximum
11 renewable energy credit portfolio requirement is less than the
12 number of renewable energy credits required to comply with the
13 applicable standard in subsection (1), then the electric provider
14 is required to achieve a renewable energy credit portfolio equal
15 only to the electric provider's maximum renewable energy credit
16 portfolio requirement if all of the following requirements are met:

17 (a) The electric provider's electricity generation systems
18 located within this state produce energy exceeding the electric
19 provider's electricity sales in this state.

20 (b) All of the electric provider's electricity generation
21 systems located within this state are clean energy systems.

22 (c) All of the renewable energy credits generated in this
23 state are used by the electric provider ~~toward compliance to~~ **comply**
24 with the renewable energy credit portfolio **requirement**, as
25 calculated under subsection (2).

26 (d) Renewable energy and clean energy generated in this state
27 equal to or exceeding the provider's electricity sales in this
28 state are not used by the provider or any other provider to comply
29 with any similar standards.



1 (5) Each electric provider shall meet the renewable energy
2 credit standard, subject to subsection (3), with renewable energy
3 credits obtained by any of the following means:

4 (a) Generating electricity from renewable energy systems for
5 sale to retail customers.

6 (b) Purchasing or otherwise acquiring renewable energy and
7 capacity.

8 (c) Purchasing or otherwise acquiring renewable energy credits
9 without the associated renewable energy or capacity. Renewable
10 energy credits acquired under this subdivision shall be produced
11 within the territory of the regional transmission organization of
12 which the electric provider is a member, and, except for a
13 municipally owned electric utility, shall not exceed 5% of an
14 electric provider's renewable energy credits annually used to
15 comply with the renewable energy standard. Renewable energy credits
16 acquired under this subdivision are not subject to the requirements
17 of section 29 and shall not be used to comply with the renewable
18 energy standard after 2035.

19 (6) For an electric provider whose rates are regulated by the
20 commission, the electric provider shall submit a contract entered
21 into for the purposes of subsection (5) to the commission for
22 review and approval. If the commission approves the contract, it is
23 considered consistent with the electric provider's renewable energy
24 plan. The commission shall not approve a contract based on an
25 unsolicited proposal unless the commission determines that the
26 unsolicited proposal provides opportunities that may not otherwise
27 be available or commercially practical through a competitive bid
28 process.

29 (7) An electric provider that has achieved annual incremental



1 energy savings of greater than 2% under an energy waste reduction
2 plan approved under section 73 may substitute energy waste
3 reduction credits for renewable energy credits otherwise required
4 to meet the renewable energy credit standard if the substitution is
5 approved by the commission. Under this subsection, energy waste
6 reduction credits shall not be used by a provider to meet more than
7 10% of the renewable energy credit standard. One renewable energy
8 credit shall be awarded per 1 energy waste reduction credit.

9 (8) If an electric provider whose rates are regulated by the
10 commission enters into a purchase power agreement for renewable
11 energy resources or a third-party contract for an energy storage
12 system or clean energy system with an entity that is not an
13 affiliate, the commission shall authorize an annual financial
14 incentive for the electric provider. The financial incentive shall
15 be calculated as the product of contract payments in that year
16 multiplied by the electric provider's pre-tax weighted average cost
17 of permanent capital comprised of long-term debt obligations and
18 equity of the electric provider's total capital structure as
19 determined by the commission's final order in the electric
20 provider's most recent general rate case. The pre-tax weighted
21 average cost of permanent capital used to calculate the financial
22 incentive shall not be fixed throughout the entire term of the
23 contract at the pre-tax weighted average cost of capital applicable
24 in the first year but shall be updated based on the commission's
25 final order in each succeeding general rate case for the electric
26 provider. The financial incentive shall apply to each contract
27 described in this subsection from the date the contract is executed
28 for the entire term of the contract. This subsection applies to any
29 contract entered into after June 30, 2024.



(9) As used in this section, "cooperative electric provider" means an entity that is a member of or that purchases energy from an entity that is either of the following:

(a) Organized as a cooperative corporation under sections 98 to 109 of 1931 PA 327, MCL 450.98 to 450.109.

(b) A cooperative corporation in the business of generating or transmitting electricity.

Sec. 29. (1) Subject to subsections (2) to (4), a renewable energy system that is the source of renewable energy credits used to satisfy the renewable energy standards shall be located as described in either of the following:

(a) Anywhere in this state.

(b) Outside of this state, but only if the electric provider includes the capacity from the renewable energy system toward meeting its resource adequacy obligations to the applicable regional transmission organization.

(2) Subsection (1) does not require an electric provider to procure firm transmission rights to ensure deliverability to the resource adequacy zone where the load is served.

(3) Subsection (1) does not apply if electricity generated from the renewable energy system is sold by a not-for-profit entity located in Indiana, Ohio, or Wisconsin to a municipally owned electric utility in this state or cooperative electric utility in this state, and the electricity is not being used to meet another state's standard for renewable energy.

(4) Renewable energy credits produced in the continental United States and owned by a customer of an electric provider may be ~~utilized~~**used** by the electric provider to meet the renewable energy credit standard if the electric customer chooses to report



1 renewable energy credits to its electric provider as attributable
2 to the customer's electric load. Any renewable energy credits
3 reported by an electric customer for use by its electric provider
4 shall be applied to the electric customer's proportional share of a
5 renewable energy credit portfolio requirement for the year in which
6 renewable energy credits are used to comply with the renewable
7 energy credit standard. On an annual basis, not later than December
8 1, the electric customer shall provide the electric provider with
9 an update on its 5-year forecast and notify the electric provider
10 of the expected amount of renewable energy credits to be used
11 toward compliance in the coming year. If the projected amount of
12 renewable energy credits available for compliance will be less than
13 what the electric customer projected in its 5-year forecast, then
14 the electric customer shall notify the electric provider at least 5
15 years before the compliance year in which a projected reduction in
16 renewable energy credits will occur. If the electric provider's
17 rates are regulated by the commission and the electric provider
18 uses the reported renewable energy credits to comply with the
19 renewable energy credit portfolio standard, the electric provider
20 shall grant the customer an appropriate cost-based rate credit
21 against the cost of compliance under section 47. As used in this
22 subsection, "customer of an electric provider" or "customer" means
23 any of the following:

24 (a) A customer taking service under a rate approved by the
25 commission under section 10gg of 1939 PA 3, MCL 460.10gg.

26 (b) A customer whose manufacturing complex is described in
27 section 10a(4)(c) of 1939 PA 3, MCL 460.10a, and that takes service
28 for a portion of its load from an alternative electric supplier
29 licensed under section 10a of 1939 PA 3, MCL 460.10a, on the



1 effective date of the amendatory act that added section 51.

2 (c) A customer of a municipally owned electric utility on the
3 effective date of the amendatory act that added this subsection if
4 the customer represents at least 25% of the municipally owned
5 electric utility's peak load.

6 (5) Renewable energy credits that qualify under subsection (1)
7 and are owned by members of a public body corporate established
8 under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL
9 124.501 to 124.512, on or before December 1, 2022, if those members
10 are part of Michigan's educational community and take service from
11 an alternative electric supplier licensed under section 10a of 1939
12 PA 3, MCL 460.10a, may be utilized by the members' electric
13 provider to meet the renewable energy credit standards if the
14 members choose to report renewable energy credits to the electric
15 provider as attributable to the electric load of members of the
16 cooperative. Any renewable energy credits reported by a member of
17 the cooperative for use by a provider to the members of the
18 cooperative shall be applied to the member's proportional share of
19 a renewable energy credit portfolio requirement for the year in
20 which renewable energy credits are used to comply with the
21 renewable energy credit standard.

22 Sec. 32. (1) Upon petition by an electric provider, the
23 commission may, upon a showing of good cause, grant an extension of
24 a renewable energy credit portfolio deadline under section 28. Each
25 extension shall not exceed 2 years. An extension of a deadline does
26 not affect a subsequent deadline.

27 (2) In a petition under subsection (1), an electric provider
28 must include a plan for resolving the barrier to compliance and
29 must make a showing of good cause by demonstrating any of the



1 following:

2 (a) Despite all commercially reasonable efforts by the
3 electric provider to comply with the deadline, compliance is not
4 practically feasible for reasons that may include, but are not
5 limited to, zoning, siting, permitting, supply chains, transmission
6 interconnection, labor shortages, delays in project deliverability
7 from developers, or unanticipated load growth. Issuing a request
8 for proposals to purchase renewable energy and not receiving a
9 commercially viable offer creates a rebuttable presumption that
10 compliance with the deadline is not practically feasible.

11 (b) Compliance would be excessively costly to customers
12 despite commercially reasonable efforts by the electric provider to
13 contain costs.

14 (c) Compliance would result in a deficiency in meeting
15 resource adequacy requirements in the electric provider's service
16 territory.

17 (d) Compliance would result in a local grid reliability issue.

18 (3) ~~Upon granting~~ **When the commission grants** an additional
19 extension for a particular renewable energy credit portfolio
20 deadline beyond the first 2 extensions, the commission shall notify
21 the speaker of the house, the majority leader of the senate, and
22 the chairpersons of the committees of the legislature having
23 jurisdiction over energy issues that it has granted an additional
24 extension to the electric provider and the reasons for the
25 extension.

26 **Sec. 34. (1) Subject to subsection (2), electric providers**
27 **that generate electricity from reciprocating internal combustion**
28 **engines placed in service to facilitate the retirement of coal-**
29 **fired generation located in the Upper Peninsula before February 27,**



1 2024, are not subject to the renewable energy credit portfolio
2 standards or the clean energy standard.

3 (2) An energy provider described in subsection (1) whose rates
4 are regulated by the commission shall submit an amended renewable
5 energy plan as required under section 22.

6 (3) Subsection (1) does not apply after the end of the
7 Midcontinent Independent System Operator planning year ending in
8 2050.