

House Bill 5893

Sponsor: Rep. Tom Alley

**Committee: Conservation, Environment
and Recreation**

Complete to 6-15-98

A SUMMARY OF HOUSE BILL 5893 AS INTRODUCED 5-28-98

The bill would create a new act to "protect and improve the public health, environmental quality, and natural resource values of this state through an effort to reduce or minimize air and water emissions from electricity generation." The bill would specify that the Public Service Commission (PSC) would be permitted to do both of the following, in addition to its other powers and duties specified by law, and following a "contested case" (which as defined under the Administrative Procedures Act [MCL 24.203], generally means a legal proceeding in which a determination is made by a state department or agency after an evidentiary hearing):

- Establish a "nonpassable transaction charge" to support nuclear decommissioning and to encourage cost-effective energy efficiency and conservation activities and in-state research, operation, and development of existing, new, and emerging renewable resource technologies. The bill would define a "nonpassable transaction charge" as a charge that could not be avoided by any customer of a local distribution utility with the exception of retail electricity sales to customer loads in a geographic area in which the local distribution utility did not provide retail service on the effective date of the bill, nor for customer loads for the two-month period immediately preceding the bill's effective date that were served by cogeneration or self-generation, or that were directly served by transmission or distribution facilities belonging to another electricity supplier that was not subject to the PSC's jurisdiction. (Note: The term "nonbypassable transaction charge" is used in the body of the bill.)

- Collect a charge from all customers of a "local distribution utility," meaning a public utility other than a municipal electric one, with the exception of those specifically exempted from the charge under the bill.

Revenues collected from the nonbypassable transaction charge would be used by the PSC to make grants and loans available to research and demonstrate cost-effective renewable source technologies that had the potential of reducing adverse environmental impacts from electricity generation.

Public Advisory Committee. Under the bill, the PSC would be required to establish a Public Advisory Committee to assist in developing rules and in overseeing energy efficiency services. Funds distributed for these services would be distributed to qualified energy efficiency service providers and to eligible customers according to rules promulgated by the PSC. Eligible program types would have to include, but not be limited to, low-interest loans, direct grants, and contracts for achieving energy savings.

For the first three years after the bill's effective date, the PSC would be required to make grants and loans of between \$1 million and \$5 million available from revenues collected from the nonbypassable transaction charge. With the committee's assistance, the commission would also have to establish application procedures for these funds and provide that universities, not-for-profit organizations, and other persons could apply and be eligible to receive them.

Energy Efficiency Audits. Under the bill, all electricity suppliers would be required by the PSC to offer energy efficiency audits, education, and information on the environmental and economic benefits of energy efficiency to residential customers. Suppliers could charge for these services. In addition, all electricity suppliers would be required to offer residential customers the option of purchasing electricity derived from "renewables," which would mean electric power generated from waste to energy or hydropower facilities in existence as of January 1, 1997, organic waste, biomass, wood, dedicated energy crops, landfill gas, coal-bed methane, geothermal, solar, wind, fuel cells, photovoltaic resources, or other renewable energy resources, as approved by the PSC. However, the bill would also specify the PSC would have to provide an electric supplier with a reasonable period of time before requiring as a condition of doing business in the state that it deliver renewables-based electricity at the time of its offering to sell electricity.

Renewable Sources. Within one year of the bill's effective date, the PSC would have to establish procedures under which all electricity suppliers would be required to file reports on renewable source supply percentages at least annually. Furthermore, if, within five years of the bill's effective date, the proportion of all electricity supplied in the state from renewable sources did not meet or exceed five percent, all suppliers would have to certify that they would meet or exceed a five percent renewable source supply standard at least five years after the bill's effective date.

Under the bill, an energy service provider could satisfy the renewable source requirement by purchasing renewable source energy. For the purposes of calculating the percentage of electricity supplied from renewable sources, the PSC would have to include all electricity generated by organic waste, biomass, landfill gas, geothermal, solar, wind, and fuel cells. The PSC would also have to include electricity generated by hydropower and waste-to-energy facilities that began or recommenced operations after January 1, 1998.

Standard Disclosure Requirements. The PSC would also be required, under the bill, to establish by rule information disclosure and filing requirements for competitive energy service providers that established standard disclosure requirements and that required generation providers to file their generally available rates, terms, and conditions. A standard format for disclosure requirements would be developed to facilitate ease of comparison and informed consumer choice. The rules for these would include, but not be limited to, any of the following information: standard unit price; price variability; the supplier's typical source of electricity and the average source of fuel for generation of it during the preceding year; the average annual emissions, to the extent available for the previous year, of provider sources to air, water, and land for the latest period, that provided the amount of emissions during power generation of nitrogen oxides, sulfur

dioxide, carbon dioxide, particulates, heavy metals, and including but not limited to mercury; and an energy service provider profile.

Under the bill, the PSC would also have to require that the information disclosed under this provision be provided to customers in writing with any mail solicitation, and by other means that the PSC considered appropriate to assure the consumer's right to know about price, fuel mix, and environmental impacts of consumer choice. The PSC would be required to compile and maintain this information electronically at a designated web site and require that it be "periodically updated annually."

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.