

HOUSE BILL No. 5586

May 1, 2012, Introduced by Reps. Franz, Horn, McMillin, Huuki, Bumstead, Nesbitt, Goike, Shirkey and Pettalia and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled
"Clean, renewable, and efficient energy act,"
by amending section 77 (MCL 460.1077) and by adding section 80.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 77. (1) Except as provided in ~~section~~ **SECTIONS 80 AND 81**
2 and subject to the sales revenue expenditure limits in section 89,
3 an electric provider's energy optimization programs under this
4 subpart shall collectively achieve the following minimum energy
5 savings:

6 (a) Biennial incremental energy savings in 2008-2009
7 equivalent to 0.3% of total annual retail electricity sales in
8 megawatt hours in 2007.

9 (b) Annual incremental energy savings in 2010 equivalent to
10 0.5% of total annual retail electricity sales in megawatt hours in

1 2009.

2 (c) Annual incremental energy savings in 2011 equivalent to
3 0.75% of total annual retail electricity sales in megawatt hours in
4 2010.

5 (d) Annual incremental energy savings in 2012, 2013, 2014, and
6 2015 and, subject to section 97, each year thereafter equivalent to
7 1.0% of total annual retail electricity sales in megawatt hours in
8 the preceding year.

9 (2) If an electric provider uses load management to achieve
10 energy savings under its energy optimization plan, the minimum
11 energy savings required under subsection (1) shall be adjusted by
12 an amount such that the ratio of the minimum energy savings to the
13 sum of maximum expenditures under section 89 and the load
14 management expenditures remains constant.

15 (3) A natural gas provider shall meet the following minimum
16 energy optimization standards using energy efficiency programs
17 under this subpart:

18 (a) Biennial incremental energy savings in 2008-2009
19 equivalent to 0.1% of total annual retail natural gas sales in
20 decatherms or equivalent MCFs in 2007.

21 (b) Annual incremental energy savings in 2010 equivalent to
22 0.25% of total annual retail natural gas sales in decatherms or
23 equivalent MCFs in 2009.

24 (c) Annual incremental energy savings in 2011 equivalent to
25 0.5% of total annual retail natural gas sales in decatherms or
26 equivalent MCFs in 2010.

27 (d) Annual incremental energy savings in 2012, 2013, 2014, and

1 2015 and, subject to section 97, each year thereafter equivalent to
2 0.75% of total annual retail natural gas sales in decatherms or
3 equivalent MCFs in the preceding year.

4 (4) Incremental energy savings under subsection (1) or (3) for
5 the 2008-2009 biennium or any year thereafter shall be determined
6 for a provider by adding the energy savings expected to be achieved
7 during a 1-year period by energy optimization measures implemented
8 during the 2008-2009 biennium or any year thereafter under any
9 energy efficiency programs consistent with the provider's energy
10 efficiency plan.

11 (5) For purposes of calculations under subsection (1) or (3),
12 total annual retail electricity or natural gas sales in a year
13 shall be based on 1 of the following at the option of the provider
14 as specified in its energy optimization plan:

15 (a) The number of weather-normalized megawatt hours or
16 decatherms or equivalent MCFs sold by the provider to retail
17 customers in this state during the year preceding the biennium or
18 year for which incremental energy savings are being calculated.

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

23 (6) For any year after 2012, an electric provider may
24 substitute renewable energy credits associated with renewable
25 energy generated that year from a renewable energy system
26 constructed after ~~the effective date of this act, OCTOBER 6, 2008,~~
27 advanced cleaner energy credits, ~~other than credits from industrial~~

~~cogeneration using industrial waste energy,~~ load management that reduces overall energy usage, or a combination thereof for energy optimization credits otherwise required to meet the energy optimization ~~performance~~ 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 and, if the substitution involves advanced cleaner energy credits, that the advanced cleaner energy system provides carbon dioxide emissions benefits. In determining whether the substitution of advanced cleaner energy credits is cost-effective compared to other available energy optimization measures, the commission shall consider the environmental costs related to the advanced cleaner energy system, including the costs of environmental control equipment or greenhouse gas constraints or taxes. The commission's determinations shall be made after a contested case hearing that includes consultation with the department of environmental quality on the issue of carbon dioxide emissions benefits, if relevant, and environmental costs.

(7) Renewable energy credits, advanced cleaner 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 optimization standard. Substitutions for energy optimization credits shall be made at the following rates per energy optimization credit:

(a) 1 renewable energy credit.

(b) 1 advanced cleaner energy credit from plasma arc gasification.

1 (c) 4 advanced cleaner energy credits other than from plasma
2 arc gasification.

3 SEC. 80. (1) AN ELECTRIC PROVIDER WITH FEWER THAN 500,000
4 ELECTRIC CUSTOMERS OR A NATURAL GAS PROVIDER WITH FEWER THAN
5 500,000 NATURAL GAS CUSTOMERS IS PERMANENTLY EXEMPT FROM THE
6 REQUIREMENTS OF THIS SUBPART, EFFECTIVE JANUARY 1 OF ANY YEAR, IF
7 THE PROVIDER NOTIFIES THE COMMISSION IN WRITING BY NOVEMBER 1 OF
8 THE PRECEDING YEAR THAT IT IS EXERCISING THE OPTION TO BE EXEMPT.

9 (2) IF A PROVIDER IS EXEMPT UNDER SUBSECTION (1), THE PROVIDER
10 SHALL NOT RECOVER ENERGY OPTIMIZATION COSTS INCURRED ON OR AFTER
11 THE EFFECTIVE DATE OF THE EXEMPTION.

12 (3) AN ELECTRIC PROVIDER THAT OPTS TO BE EXEMPT UNDER THIS
13 SUBSECTION SHALL, BY DECEMBER 1 BEFORE THE EXEMPTION TAKES EFFECT,
14 NOTIFY CUSTOMERS THAT HAVE FILED A SELF-DIRECTED ENERGY
15 OPTIMIZATION PLAN UNDER SECTION 93 THAT THE ELECTRIC PROVIDER HAS
16 OPTED TO EXEMPT ITSELF. THE NOTICE SHALL INCLUDE AN EXPLANATION OF
17 THE PROVISIONS OF SUBSECTION (4).

18 (4) IF AN ELECTRIC PROVIDER IS EXEMPT UNDER SUBSECTION (1), AN
19 ELECTRIC CUSTOMER IMPLEMENTING A SELF-DIRECTED ENERGY OPTIMIZATION
20 PLAN UNDER SECTION 93 IS NOT REQUIRED TO DO ANY OF THE FOLLOWING:

21 (A) CONTINUE TO IMPLEMENT THE SELF-DIRECTED ENERGY
22 OPTIMIZATION PLAN ON OR AFTER THE EFFECTIVE DATE OF THE ELECTRIC
23 PROVIDER'S EXEMPTION.

24 (B) FILE REPORTS UNDER SECTION 93(9) OR (10) RELATING TO
25 PERIODS BEGINNING ON OR AFTER THE EFFECTIVE DATE OF THE ELECTRIC
26 PROVIDER'S EXEMPTION.