

HOUSE BILL No. 5674

June 12, 2014, Introduced by Reps. VerHeulen, Switalski, Irwin, Roberts, Dianda, Barnett, McBroom, Schmidt, Kivela, Zemke, Townsend, Lamonte, Singh, Robinson, Kelly and Hovey-Wright and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled
"Clean, renewable, and efficient energy act,"
(MCL 460.1001 to 460.1195) by adding part 5A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 5A COMMUNITY RENEWABLE ENERGY GARDENS

2 SEC. 182. (1) AS USED IN THIS PART:

3 (A) "COMMUNITY RENEWABLE ENERGY GARDEN" OR "SYSTEM" MEANS A
4 RENEWABLE ENERGY ELECTRIC GENERATION SYSTEM THAT MEETS ALL OF THE
5 FOLLOWING CONDITIONS:

6 (i) THE SYSTEM HAS A GENERATING CAPACITY OF 2 MEGAWATTS OR
7 LESS.

8 (ii) THE BENEFICIAL USE OF THE ELECTRICITY GENERATED BY THE
9 SYSTEM BELONGS TO A MINIMUM OF 10 SUBSCRIBERS TO THE COMMUNITY
10 RENEWABLE ENERGY GARDEN.

1 (iii) THE OWNER IS EITHER AN ELECTRIC PROVIDER OR A PERSON WHO
2 CONTRACTS TO SELL THE OUTPUT FROM THE COMMUNITY RENEWABLE ENERGY
3 GARDEN TO AN ELECTRIC PROVIDER THAT SERVES THE COMMUNITY IN WHICH
4 THE COMMUNITY RENEWABLE ENERGY GARDEN IS LOCATED.

5 (B) "SUBSCRIBER" MEANS A RETAIL CUSTOMER OF THE ELECTRIC
6 PROVIDER WHO OWNS A SUBSCRIPTION.

7 (C) "SUBSCRIBER ORGANIZATION" MEANS AN ORGANIZATION WITH THE
8 SOLE PURPOSE OF BENEFICIALLY OWNING AND DIRECTLY OPERATING A
9 COMMUNITY RENEWABLE ENERGY GARDEN, OR INDIRECTLY OPERATING IT
10 THROUGH A THIRD PARTY UNDER CONTRACT WITH THE SUBSCRIBER
11 ORGANIZATION. A SUBSCRIBER ORGANIZATION MAY BE ANY FOR-PROFIT OR
12 NONPROFIT ENTITY PERMITTED BY LAW.

13 (D) "SUBSCRIPTION" MEANS A PROPORTIONAL INTEREST IN RENEWABLE
14 ENERGY ELECTRIC GENERATION SYSTEM INSTALLED AT A COMMUNITY
15 RENEWABLE ENERGY GARDEN AND IN THE RENEWABLE ENERGY CREDITS
16 ASSOCIATED WITH OR ATTRIBUTABLE TO THAT SYSTEM.

17 (2) EACH SUBSCRIPTION SHALL BE SIZED TO REPRESENT AT LEAST 100
18 WATTS OF THE COMMUNITY RENEWABLE ENERGY GARDEN'S GENERATING
19 CAPACITY AND TO SUPPLY NO MORE THAN 120% OF THE AVERAGE ANNUAL
20 CONSUMPTION OF ELECTRICITY BY THE SUBSCRIBER AT THE PREMISES TO
21 WHICH THE SUBSCRIPTION IS ATTRIBUTED, NET OF THE AVERAGE ANNUAL
22 AMOUNT GENERATED BY ANY EXISTING RENEWABLE ENERGY SYSTEM AT THE
23 PREMISES.

24 (3) A SUBSCRIPTION IN A COMMUNITY RENEWABLE ENERGY GARDEN MAY
25 BE TRANSFERRED OR ASSIGNED TO A SUBSCRIBER ORGANIZATION OR TO ANY
26 OTHER PERSON OR ENTITY THAT QUALIFIES TO BE A SUBSCRIBER UNDER THIS
27 PART.

1 SEC. 182A. A SUBSCRIBER ORGANIZATION MAY ENTER INTO OWNERSHIP
2 AND OPERATING AGREEMENTS TO IMPLEMENT THE PURPOSES OF THIS ACT.

3 SEC. 182B. THE OWNERS OF AND SUBSCRIBERS TO A COMMUNITY
4 RENEWABLE ENERGY GARDEN ARE NOT PUBLIC UTILITIES SUBJECT TO
5 REGULATION BY THE COMMISSION SOLELY AS A RESULT OF THEIR INTEREST
6 IN THE COMMUNITY RENEWABLE ENERGY GARDEN. PRICES PAID FOR
7 SUBSCRIPTIONS IN COMMUNITY RENEWABLE ENERGY GARDENS ARE NOT SUBJECT
8 TO REGULATION BY THE COMMISSION.

9 SEC. 182C. (1) THE COMMISSION SHALL REQUIRE IN EACH NEW PLAN
10 OR REVIEW OF THE RENEWABLE ENERGY PLAN OF AN ELECTRIC PROVIDER
11 PURSUANT TO SECTION 21, 23, OR 25 THAT THE PLAN INCLUDE THE
12 PURCHASE OF ELECTRICITY AND RENEWABLE ENERGY CREDITS FROM COMMUNITY
13 RENEWABLE ENERGY GARDENS OVER THE PERIOD COVERED BY THE PLAN.

14 (2) IN THE FIRST PLAN OR REVIEW PLAN ADOPTED AFTER THE
15 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, EACH
16 ELECTRIC PROVIDER SHALL INCLUDE PLANS TO ISSUE 1 OR MORE STANDARD
17 OFFERS TO PURCHASE THE OUTPUT FROM COMMUNITY RENEWABLE ENERGY
18 GARDENS OF 500 KILOWATTS OR LESS AT PRICES THAT ARE COMPARABLE TO
19 THE PRICES OFFERED BY THE ELECTRIC PROVIDER UNDER STANDARD OFFERS
20 ISSUED FOR ON-SITE RENEWABLE ENERGY GENERATION. DURING THAT PLAN
21 PERIOD, THE ELECTRIC PROVIDER SHALL PLAN TO ACQUIRE, THROUGH THESE
22 STANDARD OFFERS, 1/2 OF THE RENEWABLE ENERGY GARDEN GENERATION IT
23 PLANS TO ACQUIRE, TO THE EXTENT THE ELECTRIC PROVIDER RECEIVES
24 RESPONSES TO ITS STANDARD OFFERS. FOR THAT PLAN PERIOD, THE
25 ELECTRIC PROVIDER IS NOT OBLIGATED TO PURCHASE MORE THAN 6
26 MEGAWATTS OF ENERGY GENERATED BY COMMUNITY RENEWABLE ENERGY GARDENS
27 THAT WERE NOT INCLUDED IN A PRIOR PLAN PERIOD.

1 (3) FOR EACH REVIEW PLAN ADOPTED AFTER A PLAN DESCRIBED IN
2 SUBSECTION (2), THE COMMISSION SHALL DETERMINE THE MINIMUM
3 PURCHASES OF ELECTRICAL OUTPUT AN ELECTRIC PROVIDER SHALL PLAN TO
4 MAKE FROM COMMUNITY RENEWABLE ENERGY GARDENS THAT WERE NOT INCLUDED
5 IN A PRIOR PLAN PERIOD. IN ADDITION, AS NECESSARY, THE COMMISSION
6 SHALL FORMULATE AND IMPLEMENT POLICIES CONSISTENT WITH THIS PART
7 THAT ENCOURAGE ALL OF THE FOLLOWING:

8 (A) CUSTOMER OWNERSHIP OF SUBSCRIPTIONS IN COMMUNITY RENEWABLE
9 ENERGY GARDENS AND OF OTHER FORMS OF DISTRIBUTED GENERATION, TO THE
10 EXTENT THE COMMISSION FINDS THERE IS CUSTOMER DEMAND FOR THAT
11 OWNERSHIP.

12 (B) RESIDENTIAL RETAIL CUSTOMER, INCLUDING LOW-INCOME
13 CUSTOMER, AND AGRICULTURAL PRODUCER OWNERSHIP OF SUBSCRIPTIONS IN
14 COMMUNITY RENEWABLE ENERGY GARDENS, TO THE EXTENT THE COMMISSION
15 FINDS THERE IS DEMAND FOR THAT OWNERSHIP.

16 (C) DEVELOPMENT OF COMMUNITY RENEWABLE ENERGY GARDENS WITH
17 ATTRIBUTES THAT THE COMMISSION FINDS RESULT IN LOWER OVERALL TOTAL
18 COSTS FOR THE ELECTRIC PROVIDER'S CUSTOMERS.

19 (D) SUCCESSFUL FINANCING AND OPERATION OF COMMUNITY RENEWABLE
20 ENERGY GARDENS OWNED BY SUBSCRIBER ORGANIZATIONS.

21 (E) THE ACHIEVEMENT OF THE GOALS AND OBJECTIVES OF THIS ACT.

22 SEC. 182D. (1) THE OUTPUT FROM A COMMUNITY RENEWABLE ENERGY
23 GARDEN SHALL BE SOLD ONLY TO AN ELECTRIC PROVIDER SERVING THE
24 GEOGRAPHIC AREA WHERE THE COMMUNITY RENEWABLE ENERGY GARDEN IS
25 LOCATED. AFTER A COMMUNITY RENEWABLE ENERGY GARDEN IS PART OF AN
26 ELECTRIC PROVIDER'S RENEWABLE ENERGY PLAN THAT IS APPROVED BY THE
27 COMMISSION, THE ELECTRIC PROVIDER SHALL PURCHASE ALL OF THE

1 ELECTRICITY AND RENEWABLE ENERGY CREDITS GENERATED BY THE COMMUNITY
2 RENEWABLE ENERGY GARDEN. THE AMOUNT OF ELECTRICITY AND RENEWABLE
3 ENERGY CREDITS GENERATED BY EACH COMMUNITY RENEWABLE ENERGY GARDEN
4 SHALL BE DETERMINED BY A PRODUCTION METER INSTALLED BY THE ELECTRIC
5 PROVIDER OR THIRD-PARTY SYSTEM OWNER AND PAID FOR BY THE OWNER OF
6 THE COMMUNITY RENEWABLE ENERGY GARDEN.

7 (2) AN ELECTRIC PROVIDER SHALL PURCHASE THE OUTPUT OF A
8 COMMUNITY RENEWABLE ENERGY GARDEN BY A NET METERING CREDIT AGAINST
9 EACH COMMUNITY RENEWABLE ENERGY GARDEN SUBSCRIBER'S ELECTRIC BILL
10 FOR THE PREMISES SET FORTH IN THE SUBSCRIBER'S SUBSCRIPTION. THE
11 NET METERING CREDIT SHALL BE CALCULATED BY MULTIPLYING THE
12 SUBSCRIBER'S SHARE OF THE ELECTRICITY PRODUCTION FROM THE COMMUNITY
13 RENEWABLE ENERGY GARDEN BY THE ELECTRIC PROVIDER'S TOTAL AGGREGATE
14 RETAIL RATE AS CHARGED TO THE SUBSCRIBER, MINUS A REASONABLE CHARGE
15 AS DETERMINED BY THE COMMISSION TO COVER THE PROVIDER'S COSTS OF
16 DELIVERING AN AMOUNT OF ELECTRICITY EQUAL TO THE SUBSCRIBER'S SHARE
17 OF THE ELECTRICITY GENERATED BY THE COMMUNITY RENEWABLE ENERGY
18 GARDEN TO THE SUBSCRIBER'S PREMISES, INTEGRATING THE RENEWABLE
19 ENERGY GENERATION WITH THE PROVIDER'S SYSTEM, AND ADMINISTERING THE
20 COMMUNITY RENEWABLE ENERGY GARDEN'S CONTRACTS AND NET METERING
21 CREDITS. THE COMMISSION SHALL ENSURE THAT THIS CHARGE DOES NOT
22 REFLECT COSTS THAT ARE ALREADY RECOVERED BY THE ELECTRIC PROVIDER
23 FROM THE SUBSCRIBER THROUGH OTHER CHARGES. IF, AND TO THE EXTENT
24 THAT, A SUBSCRIBER'S NET METERING CREDIT EXCEEDS THE SUBSCRIBER'S
25 ELECTRIC BILL IN ANY BILLING PERIOD, THE NET METERING CREDIT SHALL
26 BE CARRIED FORWARD AND APPLIED AGAINST FUTURE BILLS.

27 (3) THE ELECTRIC PROVIDER AND THE OWNER OF THE COMMUNITY

1 RENEWABLE ENERGY GARDEN SHALL AGREE ON WHETHER THE PURCHASE OF THE
2 RENEWABLE ENERGY CREDITS FROM SUBSCRIBERS WILL BE ACCOMPLISHED
3 THROUGH A CREDIT ON EACH SUBSCRIBER'S ELECTRICITY BILL OR BY A
4 PAYMENT TO THE OWNER OF THE COMMUNITY RENEWABLE ENERGY GARDEN.

5 SEC. 182E. (1) THE OWNER OF THE COMMUNITY RENEWABLE ENERGY
6 GARDEN SHALL PROVIDE REAL-TIME PRODUCTION DATA TO THE ELECTRIC
7 PROVIDER TO FACILITATE INCORPORATION OF THE COMMUNITY RENEWABLE
8 ENERGY GARDEN INTO THE ELECTRIC PROVIDER'S OPERATION OF ITS
9 ELECTRIC SYSTEM AND TO FACILITATE THE PROVISION OF NET METERING
10 CREDITS.

11 (2) THE OWNER OF THE COMMUNITY RENEWABLE ENERGY GARDEN SHALL
12 NOTIFY THE ELECTRIC PROVIDER OF THE PERCENTAGE SHARE OF EACH
13 SUBSCRIBER FOR USE IN DETERMINING THE NET METERING CREDIT TO EACH
14 SUBSCRIBER. THE INFORMATION SHALL BE PROVIDED ON A MONTHLY BASIS
15 AND WITHIN REASONABLE PERIODS SET BY THE ELECTRIC PROVIDER. IF THE
16 ELECTRICITY OUTPUT OF THE COMMUNITY RENEWABLE ENERGY GARDEN IS NOT
17 FULLY SUBSCRIBED, THE ELECTRIC PROVIDER SHALL PURCHASE THE
18 UNSUBSCRIBED RENEWABLE ENERGY AND THE RENEWABLE ENERGY CREDITS AT A
19 RATE EQUAL TO THE ELECTRIC PROVIDER'S AVERAGE HOURLY INCREMENTAL
20 COST OF ELECTRICITY SUPPLY OVER THE IMMEDIATELY PRECEDING CALENDAR
21 YEAR.

22 SEC. 182F. (1) EACH ELECTRIC PROVIDER SHALL PROVIDE FOR
23 INCLUDING LOW-INCOME CUSTOMERS AS SUBSCRIBERS TO A COMMUNITY
24 RENEWABLE ENERGY GARDEN IN ITS PROPOSED RENEWABLE ENERGY PLAN. THE
25 ELECTRIC PROVIDER MAY GIVE PREFERENCE TO COMMUNITY RENEWABLE ENERGY
26 GARDENS THAT HAVE LOW-INCOME SUBSCRIBERS.

27 (2) AN ELECTRIC PROVIDER IS ELIGIBLE FOR THE INCENTIVES AND

1 SUBJECT TO ANY OWNERSHIP LIMITATIONS SET FORTH IN THIS PART FOR
2 INVESTMENTS IN COMMUNITY RENEWABLE ENERGY GARDENS AND MAY RECOVER
3 THROUGH RATES A MARGIN, DETERMINED BY THE COMMISSION, ON ALL ENERGY
4 AND RENEWABLE ENERGY CREDITS PURCHASED FROM COMMUNITY RENEWABLE
5 ENERGY GARDENS. THESE INCENTIVE PAYMENTS ARE EXCLUDED FROM THE COST
6 CALCULATIONS FOR LIFE-CYCLE COST OF RENEWABLE ENERGY UNDER THIS
7 ACT.