

# HOUSE BILL No. 4879

September 17, 2015, Introduced by Reps. Dianda, Robinson, Hovey-Wright, Sarah Roberts, Irwin, Cochran, McBroom and Inman and referred to the Committee on Energy Policy.

A bill to amend 2008 PA 295, entitled "Clean, renewable, and efficient energy act," by amending the title, the heading of part 5, and sections 3, 5, 173, 175, 177, and 179 (MCL 460.1003, 460.1005, 460.1173, 460.1175, 460.1177, and 460.1179).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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TITLE

An act to require certain providers of electric service to establish renewable energy programs; to require certain providers of electric or natural gas service to establish energy optimization programs; to authorize the use of certain energy systems to meet the requirements of those programs; to provide for the approval of energy optimization service companies; to provide for certain charges on electric and natural gas bills; to promote energy conservation by state agencies and the public; to create a wind

1 energy resource zone board and provide for its power and duties; to  
2 authorize the creation and implementation of wind energy resource  
3 zones; to provide for expedited transmission line siting  
4 certificates; to provide for a ~~net metering~~ **CUSTOMER ELECTRIC**  
5 **GENERATION** program and the responsibilities of ~~certain~~ providers of  
6 electric service and customers with respect to ~~net metering~~; **THAT**  
7 **PROGRAM**; to provide for fees; to prescribe the powers and duties of  
8 certain state agencies and officials; to require the promulgation  
9 of rules and the issuance of orders; and to provide for civil  
10 sanctions, remedies, and penalties.

11 Sec. 3. As used in this act:

12 (a) "Advanced cleaner energy" means electricity generated  
13 using an advanced cleaner energy system.

14 (b) "Advanced cleaner energy credit" means a credit certified  
15 under section 43 that represents generated advanced cleaner energy.

16 (c) "Advanced cleaner energy system" means any of the  
17 following:

18 (i) A gasification facility.

19 (ii) An industrial cogeneration facility.

20 (iii) A coal-fired electric generating facility if 85% or more  
21 of the carbon dioxide emissions are captured and permanently  
22 geologically sequestered.

23 (iv) An electric generating facility or system that uses  
24 technologies not in commercial operation on ~~the effective date of~~  
25 ~~this act~~. **OCTOBER 6, 2008**.

26 (d) "Affiliated transmission company" means that term as  
27 defined in **SECTION 2 OF** the electric transmission line

1 certification act, 1995 PA 30, MCL 460.562.

2 (e) "Applicable regional transmission organization" means a  
3 nonprofit, member-based organization governed by an independent  
4 board of directors that serves as the federal energy regulatory  
5 ~~commission approved~~ **COMMISSION APPROVED** regional transmission  
6 organization with oversight responsibility for the region that  
7 includes the provider's service territory.

8 (f) "Biomass" means any organic matter that is not derived  
9 from fossil fuels, that can be converted to usable fuel for the  
10 production of energy, and that replenishes over a human, not a  
11 geological, time frame, including, but not limited to, all of the  
12 following:

13 (i) Agricultural crops and crop wastes.

14 (ii) Short-rotation energy crops.

15 (iii) Herbaceous plants.

16 (iv) Trees and wood, but only if derived from sustainably  
17 managed forests or procurement systems, as defined in section 261c  
18 of the management and budget act, 1984 PA 431, MCL 18.1261c.

19 (v) Paper and pulp products.

20 (vi) Precommercial wood thinning waste, brush, or yard waste.

21 (vii) Wood wastes and residues from the processing of wood  
22 products or paper.

23 (viii) Animal wastes.

24 (ix) Wastewater sludge or sewage.

25 (x) Aquatic plants.

26 (xi) Food production and processing waste.

27 (xii) Organic by-products from the production of biofuels.

1 (g) "Board" means the wind energy resource zone board created  
2 under section 143.

3 (h) "Carbon dioxide emissions benefits" means that the carbon  
4 dioxide emissions per megawatt hour of electricity generated by the  
5 advanced cleaner energy system are at least 85% less or, for an  
6 integrated gasification combined cycle facility, 70% less than the  
7 average carbon dioxide emissions per megawatt hour of electricity  
8 generated from all coal-fired electric generating facilities  
9 operating in this state on January 1, 2008.

10 (i) "Commission" means the Michigan public service commission.

11 **(J) "CUSTOMER GENERATION PROGRAM" MEANS THE PROGRAM CREATED**  
12 **UNDER SECTION 173.**

13 **(K) ~~(j)~~**"Customer meter" means an electric meter of a  
14 provider's retail customer. Customer meter does not include a  
15 municipal water pumping meter or additional meters at a single site  
16 that were installed specifically to support interruptible air  
17 conditioning, interruptible water heating, ~~net metering,~~ **CUSTOMER**  
18 **GENERATION**, or time-of-day tariffs.

19 Sec. 5. As used in this act:

20 (a) "Electric provider", subject to sections 21(1), 23(1), and  
21 25(1), means any of the following:

22 (i) Any person or entity that is regulated by the commission  
23 for the purpose of selling electricity to retail customers in this  
24 state.

25 (ii) A municipally-owned electric utility in this state.

26 (iii) A cooperative electric utility in this state.

27 (iv) Except as used in subpart B of part 2, an alternative

1 electric supplier licensed under section 10a of 1939 PA 3, MCL  
2 460.10a.

3 (b) "Eligible electric generator" means ~~that a methane~~  
4 ~~digester or~~ **A CUSTOMER'S** renewable energy system, ~~with COGENERATION~~  
5 **SYSTEM FUELED BY NATURAL GAS, OR WASTE HEAT RECOVERY SYSTEM THAT**  
6 **MEETS BOTH OF THE FOLLOWING REQUIREMENTS:**

7 (i) **IS LOCATED IN THIS STATE.**

8 (ii) **HAS** a generation capacity ~~limited to the customer's~~  
9 ~~electric need and that does not exceed the following:~~ **THAT IS**  
10 **CONSISTENT WITH THE SAFETY AND RELIABILITY REQUIREMENTS OF THE**  
11 **CUSTOMER'S INTERCONNECTION.**

12 ~~—— (i) For a renewable energy system, 150 kilowatts of aggregate~~  
13 ~~generation at a single site.~~

14 ~~—— (ii) For a methane digester, 550 kilowatts of aggregate~~  
15 ~~generation at a single site.~~

16 (c) "Energy conservation" means the reduction of customer  
17 energy use through the installation of measures or changes in  
18 energy usage behavior. Energy conservation does not include the use  
19 of advanced cleaner energy systems.

20 (d) "Energy efficiency" means a decrease in customer  
21 consumption of electricity or natural gas achieved through measures  
22 or programs that target customer behavior, equipment, devices, or  
23 materials without reducing the quality of energy services.

24 (e) "Energy optimization", subject to subdivision (f), means  
25 all of the following:

26 (i) Energy efficiency.

27 (ii) Load management, to the extent that the load management

1 reduces overall energy usage.

2 (iii) Energy conservation, but only to the extent that the  
3 decreases in the consumption of electricity produced by energy  
4 conservation are objectively measurable and attributable to an  
5 energy optimization plan.

6 (f) Energy optimization does not include electric provider  
7 infrastructure projects that are approved for cost recovery by the  
8 commission other than as provided in this act.

9 (g) "Energy optimization credit" means a credit certified  
10 pursuant to section 87 that represents achieved energy  
11 optimization.

12 (h) "Energy optimization plan" or "EO plan" means a plan  
13 **APPROVED** under section ~~71-73~~.

14 (i) "Energy optimization standard" means the minimum energy  
15 savings required to be achieved under section 77.

16 (j) "Energy star" means the voluntary partnership among the  
17 United States ~~department of energy,~~ **DEPARTMENT OF ENERGY**, the  
18 United States ~~environmental protection agency,~~ **ENVIRONMENTAL**  
19 **PROTECTION AGENCY**, product manufacturers, local utilities, and  
20 retailers to help promote energy efficient products by labeling  
21 with the energy star logo, **TO** educate consumers about the benefits  
22 of energy efficiency, and **TO** help promote energy efficiency in  
23 buildings by benchmarking and rating energy performance.

24 (k) "Federal approval" means approval by the applicable  
25 regional transmission organization or other federal energy  
26 regulatory commission approved transmission planning process of a  
27 transmission project that includes the transmission line. Federal

1 approval may be evidenced in any of the following manners:

2 (i) The proposed transmission line is part of a transmission  
3 project included in the applicable regional transmission  
4 organization's board-approved transmission expansion plan.

5 (ii) The applicable regional transmission organization has  
6 informed the electric utility, affiliated transmission company, or  
7 independent transmission company that a transmission project  
8 submitted for an out-of-cycle project review has been approved by  
9 the applicable regional transmission organization, and the approved  
10 transmission project includes the proposed transmission line.

11 (iii) If, after ~~the effective date of this act, OCTOBER 6,~~  
12 **2008**, the applicable regional transmission organization utilizes  
13 another approval process for transmission projects proposed by an  
14 electric utility, affiliated transmission company, or independent  
15 transmission company, the proposed transmission line is included in  
16 a transmission project approved by the applicable regional  
17 transmission organization through the approval process developed  
18 after ~~the effective date of this act.~~**OCTOBER 6, 2008.**

19 (iv) Any other federal energy regulatory commission approved  
20 transmission planning process for a transmission project.

21 PART 5.

22 ~~NET METERING CUSTOMER GENERATION~~

23 Sec. 173. (1) ~~The commission shall establish a statewide net~~  
24 ~~metering program by~~**BY** order issued not later than 180 days after  
25 the effective date of ~~this act.~~**THE 2015 ACT THAT AMENDED THIS**  
26 **SECTION, THE COMMISSION SHALL ESTABLISH A CUSTOMER GENERATION**  
27 **PROGRAM BY WHICH ANY CUSTOMER OF AN ELECTRIC UTILITY OR ALTERNATIVE**

1 ELECTRIC SUPPLIER MAY GENERATE ELECTRICITY USING AN ELIGIBLE  
2 ELECTRIC GENERATOR INTERCONNECTED WITH THE LOCAL ELECTRIC UTILITY  
3 AND OPERATED PARALLEL TO THE DISTRIBUTION SYSTEM. THE VALUE OF  
4 ELECTRICITY GENERATED BY THE CUSTOMER SHALL BE CREDITED TO THE  
5 CUSTOMER PURSUANT TO A FAIR VALUE TARIFF, A STANDARD-OFFER  
6 CONTRACT, OR NET METERING. HOWEVER, AN ELECTRIC UTILITY OR  
7 ALTERNATIVE ELECTRIC SUPPLIER IS ONLY REQUIRED TO PARTICIPATE IN  
8 THE NET METERING COMPONENT OF THE CUSTOMER GENERATION PROGRAM.

9 (2) No later than 180 days after the effective date of ~~this~~  
10 ~~act,~~ **THE 2015 ACT THAT AMENDED THIS SECTION**, the commission shall  
11 promulgate rules regarding any time limits on the submission of ~~net~~  
12 ~~metering applications or~~ **CUSTOMER APPLICATIONS TO PARTICIPATE IN**  
13 **THE CUSTOMER GENERATION PROGRAM**, inspections of ~~net metering~~  
14 ~~equipment~~ **ELIGIBLE ELECTRIC GENERATORS**, and any other matters the  
15 commission considers necessary to implement this part. Any rules  
16 adopted regarding time limits for approval of parallel operation  
17 shall recognize reliability and safety complications including  
18 those arising from equipment saturation, use of multiple  
19 technologies, and proximity to synchronous motor loads. ~~The program~~  
20 ~~shall apply to all electric utilities and alternative electric~~  
21 ~~suppliers in this state. Except as otherwise provided under this~~  
22 ~~part, customers of any class are eligible to interconnect eligible~~  
23 ~~electric generators with the customer's local electric utility and~~  
24 ~~operate the generators in parallel with the distribution system.~~  
25 The **CUSTOMER GENERATION** program shall be designed for a period of  
26 not less than ~~10~~ **20** years. ~~and limit each customer to generation~~  
27 ~~capacity designed to meet only the customer's electric needs. The~~

1 ~~commission may waive the application, interconnection, and~~  
 2 ~~installation requirements of this part for customers participating~~  
 3 ~~in the net metering program under the commission's March 29, 2005~~  
 4 ~~order in case no. U 14346.~~

5 ~~—— (2) An electric utility or alternative electric supplier is~~  
 6 ~~not required to allow for net metering that is greater than 1% of~~  
 7 ~~its in state peak load for the preceding calendar year. The utility~~  
 8 ~~or supplier shall notify the commission if its net metering program~~  
 9 ~~reaches the 1% requirement under this subsection. The 1% limit~~  
 10 ~~under this subsection shall be allocated as follows:~~

11 ~~—— (a) No more than 0.5% for customers with a system capable of~~  
 12 ~~generating 20 kilowatts or less.~~

13 ~~—— (b) No more than 0.25% for customers with a system capable of~~  
 14 ~~generating more than 20 kilowatts but not more than 150 kilowatts.~~

15 ~~—— (c) No more than 0.25% for customers with a system capable of~~  
 16 ~~generating more than 150 kilowatts.~~

17 (3) Selection of customers for participation in the net  
 18 metering **CUSTOMER GENERATION** program shall be based on the order in  
 19 which the applications for participation in the net metering  
 20 program are received by the electric utility or alternative  
 21 electric supplier. **SOLELY ON MEETING THE INTERCONNECTION AND**  
 22 **EQUIPMENT REQUIREMENTS FOR PARTICIPATION. AN ELECTRIC UTILITY OR**  
 23 **ALTERNATIVE ELECTRIC SUPPLIER SHALL NOT RESTRICT THE NUMBER OF**  
 24 **PARTICIPANTS IN THE CUSTOMER GENERATION PROGRAM UNLESS IT**  
 25 **DEMONSTRATES TO THE SATISFACTION OF THE COMMISSION THAT THE**  
 26 **RESTRICTION IS NECESSARY TO PROTECT THE PUBLIC HEALTH AND SAFETY OR**  
 27 **THE INTEGRITY OF THE DISTRIBUTION SYSTEM IN A HEARING BEFORE THE**

## 1 COMMISSION.

2 (4) An electric utility or alternative electric supplier shall  
 3 not refuse to provide or ~~discontinue~~**FAIL TO CONTINUE** electric  
 4 service to a customer solely ~~for the reason that~~**BECAUSE** the  
 5 customer participates in the ~~net metering~~**CUSTOMER GENERATION**  
 6 program.

7 (5) The **CUSTOMER GENERATION** program ~~created under subsection~~  
 8 ~~(1)~~ shall include all of the following:

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

13 (b) ~~Net metering equipment and its installation must~~  
 14 **REQUIREMENTS THAT AN ELIGIBLE ELECTRIC GENERATOR AND ITS**  
 15 **INSTALLATION** meet all current local and state electric and  
 16 construction code requirements. Any equipment that is certified by  
 17 a nationally recognized testing laboratory to IEEE 1547.1 testing  
 18 standards and in compliance with UL 1741 scope 1.1A, effective May  
 19 7, 2007, **OR UPDATES TO THOSE TESTING STANDARDS AND SCOPE APPROVED**  
 20 **BY THE COMMISSION, and THAT IS** installed in compliance with this  
 21 part is considered to be eligible equipment. Within the time  
 22 provided by the commission in rules promulgated under subsection  
 23 ~~(1)~~**(2)** and consistent with good utility practice ~~, and the~~  
 24 protection of electric utility workers, ~~protection of electric~~  
 25 utility equipment, and ~~protection of the~~ general public, an  
 26 electric utility may study, confirm, and ensure that an eligible  
 27 electric generator installation at the customer's site meets the

1 "IEEE 1547 anti-islanding requirements. STANDARD FOR  
 2 INTERCONNECTING DISTRIBUTED RESOURCES WITH ELECTRIC POWER SYSTEMS",  
 3 A COMMISSION-APPROVED UPDATE TO IEEE 1547, OR STANDARDS APPROVED BY  
 4 THE COMMISSION THAT ENABLE INTENTIONAL ISLANDING. Utility testing  
 5 and approval of the interconnection and execution of a parallel  
 6 operating agreement must be completed ~~prior to~~ **BEFORE** the equipment  
 7 ~~operating~~ **IS OPERATED** in parallel with the distribution system of  
 8 the utility.

9 (c) A uniform **CUSTOMER GENERATION** application form and process  
 10 to be used by all electric utilities and alternative electric  
 11 suppliers in this state. ~~Customers~~ **APPLICANTS** who are served by an  
 12 alternative electric supplier shall submit a copy of the  
 13 application to the electric utility for the customer's service  
 14 area.

15 ~~—— (d) Net metering customers with a system capable of generating~~  
 16 ~~20 kilowatts or less qualify for true net metering.~~

17 ~~—— (e) Net metering customers with a system capable of generating~~  
 18 ~~more than 20 kilowatts qualify for modified net metering.~~

19 (D) ~~(6) Each~~ **A REQUIREMENT THAT EACH** electric utility and  
 20 alternative electric supplier shall maintain records of all  
 21 applications and up-to-date records of all active eligible electric  
 22 generators located within ~~their~~ **ITS** service area.

23 (6) **THE CUSTOMER GENERATION PROGRAM SHALL INCLUDE A STATEWIDE**  
 24 **UNIFORM METHODOLOGY BY WHICH AN ELECTRIC UTILITY OR ALTERNATIVE**  
 25 **ELECTRIC SUPPLIER MAY ESTABLISH A FAIR VALUE TARIFF IF APPROVED BY**  
 26 **THE COMMISSION AFTER A CONTESTED CASE HEARING UNDER THE**  
 27 **ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO**

1 24.328. BOTH OF THE FOLLOWING APPLY TO A FAIR VALUE TARIFF:

2 (A) A FAIR VALUE TARIFF SHALL MEET ALL OF THE FOLLOWING  
3 REQUIREMENTS:

4 (i) APPLY ONLY TO CUSTOMERS WHOSE ELIGIBLE ELECTRIC GENERATORS  
5 HAVE A CAPACITY OF 500 KILOWATTS OR MORE.

6 (ii) ALLOW CUSTOMER GENERATION FOR IMMEDIATE SELF-SERVICE  
7 WITHOUT ANY CHARGE TO THE CUSTOMER.

8 (iii) APPLY THE SAME DELIVERY AND POWER SUPPLY CHARGE FOR  
9 ELECTRICITY DELIVERED TO A CUSTOMER THAT PARTICIPATES IN THE  
10 CUSTOMER GENERATION PROGRAM AS TO A CUSTOMER THAT IS SIMILARLY  
11 SITUATED BUT DOES NOT PARTICIPATE.

12 (iv) CREDIT THE CUSTOMER FOR GENERATION IN EXCESS OF IMMEDIATE  
13 CUSTOMER SELF-SERVICE AT A RATE THAT MEETS BOTH OF THE FOLLOWING  
14 REQUIREMENTS:

15 (A) IS NOT LESS THAN THE FULL RETAIL RATE FOR A CUSTOMER THAT  
16 IS SIMILARLY SITUATED BUT DOES NOT PARTICIPATE IN THE CUSTOMER  
17 GENERATION PROGRAM AT THE TIME OF EXCESS GENERATION, MINUS THE  
18 DELIVERY CHARGE.

19 (B) INCLUDES THE VALUE OF AVOIDED GENERATION COSTS INCLUDING  
20 LINE LOSSES, AVOIDED COSTS OF LONG-TERM GENERATION CAPACITY AND  
21 RESERVE REQUIREMENTS INCLUDING LINE LOSSES, AVOIDED TRANSMISSION  
22 AND DISTRIBUTION COSTS, AND AVOIDED HEALTH AND ENVIRONMENTAL  
23 EFFECTS.

24 (v) ALLOW THE CUSTOMER TO RETAIN ANY RENEWABLE ENERGY CREDITS  
25 ASSOCIATED WITH ELECTRICITY GENERATED BY THE CUSTOMER'S ELIGIBLE  
26 ELECTRIC GENERATOR. THE RATE OR TERMS OF THE TARIFF SHALL NOT BE  
27 BASED ON CONSIDERATION OF WHETHER OR TO WHOM THE CUSTOMER SELLS THE

1 RENEWABLE ENERGY CREDITS. THE CUSTOMER MAY SELL THE RENEWABLE  
2 ENERGY CREDITS TO THE ELECTRIC UTILITY, THE ALTERNATIVE ELECTRIC  
3 SUPPLIER, OR A THIRD PARTY UNDER A SEPARATE CONTRACT.

4 (vi) REQUIRE A UTILITY TO RECALCULATE A FAIR VALUE TARIFF,  
5 SUBJECT TO COMMISSION APPROVAL, IN ANY PROCEEDING THAT CHANGES  
6 POWER SUPPLY TARIFFS.

7 (vii) NOT IMPOSE ANY ADDITIONAL CHARGES ON A CUSTOMER FOR  
8 PARTICIPATION IN THE CUSTOMER GENERATION PROGRAM.

9 (B) A FAIR VALUE TARIFF MAY DO ANY OF THE FOLLOWING:

10 (i) IF THE TARIFF CREDITS THE CUSTOMER FOR CAPACITY WITHOUT  
11 DEDUCTING FOR FORCED OUTAGES, DEDUCT STANDBY CHARGES FOR AN  
12 ELIGIBLE ELECTRIC GENERATOR WITH CAPACITY IN EXCESS OF 500  
13 KILOWATTS BASED ON THE PRODUCT OF THE UTILITY'S MARKET COST OF  
14 CAPACITY AND THE AVERAGE PEAK-COINCIDENT FORCED OUTAGE RATE OF  
15 CUSTOMER GENERATORS USING SIMILAR GENERATION TECHNOLOGY.

16 (ii) BASED ON KNOWN AND MEASURABLE EVIDENCE OF THE COST OR  
17 BENEFIT OF THE CUSTOMER GENERATION PROGRAM TO THE ELECTRIC UTILITY  
18 OR ALTERNATIVE ELECTRIC SUPPLIER, INCORPORATE OTHER VALUES INTO THE  
19 FAIR VALUE TARIFF, INCLUDING CREDIT FOR AN ELIGIBLE ELECTRIC  
20 GENERATOR THAT IS INSTALLED AT A HIGH-VALUE LOCATION ON THE  
21 DISTRIBUTION GRID.

22 (7) THE CUSTOMER GENERATION PROGRAM SHALL INCLUDE UNIFORM  
23 PROVISIONS PURSUANT TO WHICH AN ELECTRIC UTILITY OR ALTERNATIVE  
24 ENERGY SUPPLIER MAY ENTER A STANDARD-OFFER CONTRACT FOR ELECTRICITY  
25 GENERATED BY CUSTOMERS WITH ELIGIBLE ELECTRIC GENERATORS WITH A  
26 CAPACITY OF 500 KILOWATTS OR MORE. A STANDARD-OFFER CONTRACT SHALL  
27 MEET ALL OF THE FOLLOWING REQUIREMENTS:

1 (A) BE ON A FORM APPROVED BY THE COMMISSION.

2 (B) IN NET PRESENT VALUE, BE ECONOMICALLY EQUIVALENT TO OR  
3 LARGER THAN THE CUSTOMER COMPENSATION THAT WOULD BE EXPECTED UNDER  
4 A FAIR VALUE TARIFF AND ASSIGN APPROPRIATE VALUE TO ANY REDUCED  
5 UNCERTAINTY ABOUT FUTURE POWER SUPPLY COSTS FOR THE ELECTRIC  
6 UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER AND ITS OTHER CUSTOMERS.

7 (C) PROVIDE A FIXED PRICE SCHEDULE FOR POWER DELIVERED FROM  
8 THE ELIGIBLE ELECTRIC GENERATOR OVER THE FULL TERM OF THE CONTRACT,  
9 SUBJECT TO ADJUSTMENT FOR CHANGES IN THE CONSUMER PRICE INDEX. AS  
10 USED IN THIS SUBDIVISION, "CONSUMER PRICE INDEX" MEANS THE MOST  
11 COMPREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THIS STATE  
12 FROM THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT  
13 OF LABOR.

14 (D) HAVE A TERM OF AT LEAST 20 YEARS, UNLESS A SHORTER TERM IS  
15 AGREED TO BY THE PARTIES.

16 (E) PROVIDE A SATISFACTORY BASIS FOR THE CUSTOMER TO FINANCE  
17 THE ELIGIBLE ELECTRIC GENERATOR THROUGH A LENDING INSTITUTION UNDER  
18 NORMAL COMMERCIAL TERMS.

19 (F) ALLOW THE CUSTOMER TO RETAIN ANY RENEWABLE ENERGY CREDITS  
20 ASSOCIATED WITH ELECTRICITY GENERATED BY THE CUSTOMER'S ELIGIBLE  
21 ELECTRIC GENERATOR. THE PRICE OR OTHER TERMS OF THE STANDARD-OFFER  
22 CONTRACT SHALL NOT BE BASED ON CONSIDERATION OF WHETHER OR TO WHOM  
23 THE CUSTOMER SELLS THE RENEWABLE ENERGY CREDITS. THE CUSTOMER MAY  
24 SELL THE RENEWABLE ENERGY CREDITS TO THE ELECTRIC UTILITY, THE  
25 ALTERNATIVE ELECTRIC SUPPLIER, OR A THIRD PARTY UNDER A SEPARATE  
26 CONTRACT.

27 (8) THE CUSTOMER GENERATION PROGRAM SHALL INCLUDE NET

1 METERING. AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER  
2 SHALL MAKE NET METERING AVAILABLE TO ANY CUSTOMER THAT SUBMITS AN  
3 APPLICATION. HOWEVER, THE COMMISSION MAY AUTHORIZE AN ELECTRIC  
4 UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER TO SUSPEND RECEIPT OF  
5 APPLICATIONS TO PARTICIPATE IN NET METERING FROM CUSTOMERS WITH AN  
6 ELIGIBLE ELECTRIC GENERATOR WITH A CAPACITY EXCEEDING 500 KILOWATTS  
7 WHEN THE ELECTRIC UTILITY OR ALTERNATIVE SUPPLIER IS OFFERING A  
8 FAIR VALUE TARIFF OR A STANDARD-OFFER CONTRACT APPROVED BY THE  
9 COMMISSION FOR ELECTRICITY FROM THAT TYPE OF ELIGIBLE ELECTRIC  
10 GENERATOR. THE COMMISSION MAY WAIVE THE APPLICATION,  
11 INTERCONNECTION, AND INSTALLATION REQUIREMENTS UNDER THIS PART FOR  
12 CUSTOMERS PARTICIPATING IN THE NET METERING PROGRAM UNDER THE  
13 COMMISSION'S MARCH 29, 2005 ORDER IN CASE NO. U-14346.

14       Sec. 175. (1) An electric utility or alternative electric  
15 supplier may charge a fee not to exceed \$100.00 to process an  
16 application ~~for net metering.~~ **TO PARTICIPATE IN THE CUSTOMER**  
17 **GENERATION PROGRAM.** A customer with a ~~system~~ **AN ELIGIBLE ELECTRIC**  
18 **GENERATOR** capable of generating more than 20 kilowatts shall pay  
19 all interconnection costs. ~~A customer with a system capable of~~  
20 ~~generating more than 150 kilowatts shall pay standby costs.~~ The  
21 commission shall recognize the reasonable cost for each electric  
22 utility and alternative electric supplier to operate a ~~net metering~~  
23 **CUSTOMER GENERATION** program. For an electric utility with 1,000,000  
24 or more retail customers in this state, the commission shall  
25 include in that utility's nonfuel base rates all costs of meeting  
26 all **CUSTOMER GENERATION** program requirements except that all energy  
27 costs of the program shall be recovered through the utility's power

1 supply cost recovery mechanism under sections 6j and 6k of 1939 PA  
2 3, MCL 460.6j and 460.6k. ~~For~~ **THE COMMISSION SHALL ALLOW** an  
3 electric utility with ~~less~~ **FEWER** than 1,000,000 base distribution  
4 customers in this state, ~~the commission shall allow that utility~~  
5 to recover all energy costs of the program through the power supply  
6 cost recovery mechanism under sections 6j and 6k of 1939 PA 3, MCL  
7 460.6j and 460.6k, and shall develop a cost recovery mechanism for  
8 that utility to contemporaneously recover all other costs of  
9 meeting the program requirements.

10 (2) The interconnection requirements of the ~~net metering~~  
11 **CUSTOMER GENERATION** program shall provide that an electric utility  
12 or alternative electric supplier shall, subject to any time  
13 requirements imposed by the commission and upon reasonable written  
14 notice to the ~~net metering~~ customer **PARTICIPATING IN THE CUSTOMER**  
15 **GENERATION PROGRAM**, perform testing and inspection of an  
16 interconnected eligible electric generator as is necessary to  
17 determine that the ~~system~~ **ELIGIBLE ELECTRIC GENERATOR** complies with  
18 all applicable electric safety, power quality, and interconnection  
19 requirements. The costs of testing and inspection are considered a  
20 cost of operating a ~~net metering~~ **CUSTOMER GENERATION** program and  
21 shall be recovered under subsection (1).

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

27 Sec. 177. (1) ~~Electric~~ **IN THE CUSTOMER GENERATION PROGRAM**,

1 **ELECTRIC** meters shall be used to determine the amount of the  
2 customer's energy use in each billing period, net of any excess  
3 energy the customer's **ELIGIBLE ELECTRIC** generator delivers to the  
4 **ELECTRIC** utility distribution system during that same billing  
5 period. For a customer with a ~~generation system~~ **AN ELIGIBLE**  
6 **ELECTRIC GENERATOR** capable of generating more than 20 kilowatts,  
7 the utility shall install and utilize a generation meter and a  
8 meter or meters capable of measuring the flow of energy in both  
9 directions. A customer with a ~~system~~ **AN ELIGIBLE ELECTRIC GENERATOR**  
10 capable of generating more than 150 kilowatts shall pay the costs  
11 of installing any new meters.

12 (2) An electric utility serving over 1,000,000 customers in  
13 this state may provide its customers participating in the ~~net~~  
14 ~~metering~~ **CUSTOMER GENERATION** program, at no additional charge, a  
15 meter or meters capable of measuring the flow of energy in both  
16 directions.

17 (3) An electric utility serving fewer than 1,000,000 customers  
18 in this state shall provide a meter or meters described in  
19 subsection (2) to customers participating in the ~~net metering~~  
20 **CUSTOMER GENERATION** program at cost. Only the incremental cost  
21 above that for meters provided by the electric utility to similarly  
22 situated nongenerating customers shall be paid by the ~~eligible~~  
23 customer **PARTICIPATING IN THE CUSTOMER GENERATION PROGRAM.**

24 (4) If the ~~quantity~~ **VALUE** of electricity generated and  
25 delivered to the **ELECTRIC** utility distribution system by an  
26 eligible electric generator during a billing period exceeds the  
27 ~~quantity~~ **VALUE** of electricity supplied from the electric utility or

1 alternative electric supplier during the billing period, the  
2 ~~eligible~~ customer shall be credited by ~~their~~ **THE** supplier of  
3 electric generation service for the excess ~~kilowatt hours~~ **VALUE**  
4 generated during the billing period. The credit shall appear on the  
5 bill for the following billing period and shall be limited to the  
6 total power supply charges on that bill. Any excess kilowatt hours  
7 not used to offset electric generation charges in the next billing  
8 period will be carried forward to subsequent billing periods.

9 Notwithstanding any law or regulation, net metering customers shall  
10 not receive credits for electric utility transmission or  
11 distribution charges. The credit per kilowatt hour for kilowatt  
12 hours delivered into the utility's distribution system shall be  
13 either of the following:

14 (a) The monthly average real-time locational marginal price  
15 for energy at the commercial pricing node within the electric  
16 utility's distribution service territory, or for net metering  
17 customers on a time-based rate schedule, the monthly average real-  
18 time locational marginal price for energy at the commercial pricing  
19 node within the electric utility's distribution service territory  
20 during the time-of-use pricing period.

21 (b) The electric utility's or alternative electric supplier's  
22 power supply component of the full retail rate during the billing  
23 period or time-of-use pricing period.

24 Sec. 179. ~~An eligible electric generator shall own~~ **THE**  
25 **CUSTOMER OWNS** any renewable energy credits granted for electricity  
26 generated **BY THE CUSTOMER** under the ~~net metering program created in~~  
27 ~~this part.~~ **CUSTOMER GENERATION PROGRAM ESTABLISHED UNDER SECTION**

1 173.

2 Enacting section 1. This amendatory act takes effect 90 days  
3 after the date it is enacted into law.

4 Enacting section 2. This amendatory act does not take effect  
5 unless all of the following bills of the 98th Legislature are  
6 enacted into law:

7 (a) Senate Bill No.\_\_\_\_ or House Bill No. 4880 (request no.  
8 00951'15 \*).

9 (b) Senate Bill No.\_\_\_\_ or House Bill No. 4881 (request no.  
10 02967'15 \*).