

SENATE BILL No. 296

April 23, 2015, Introduced by Senators KNEZEK, HOPGOOD, ANANICH, SMITH, HERTEL, WARREN, YOUNG, HOOD, JOHNSON, GREGORY and BIEDA 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).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 77. (1) Except as provided in ~~section~~ **SECTIONS 81 AND**
2 **97(8)** and subject to the sales revenue expenditure limits in
3 section 89, an electric provider's energy optimization programs
4 under this subpart shall collectively achieve the following minimum
5 energy 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
11 2009.

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

4 (d) Annual incremental energy savings in 2012, 2013, 2014, and
5 2015 ~~and, subject to section 97,~~ **EQUIVALENT TO 1.0% OF TOTAL ANNUAL**
6 **RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN THE PRECEDING YEAR.**

7 **(E) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2016 EQUIVALENT TO**
8 **1.25% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN**
9 **2015.**

10 **(F) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2017 EQUIVALENT TO**
11 **1.5% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN**
12 **2016.**

13 **(G) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2018 EQUIVALENT TO**
14 **1.75% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN**
15 **2017.**

16 **(H) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2019 AND** each year
17 thereafter equivalent to ~~1.0%~~ **2.0%** of total annual retail
18 electricity sales in megawatt hours in the preceding year.

19 (2) If an electric provider uses load management to achieve
20 energy savings under its energy optimization plan, the minimum
21 energy savings required under subsection (1) shall be adjusted by
22 an amount such that the ratio of the minimum energy savings to the
23 sum of maximum expenditures under section 89 and the load
24 management expenditures remains constant.

25 (3) ~~A-EXCEPT AS PROVIDED IN SECTION 97(8),~~ A natural gas
26 provider shall meet the following minimum energy optimization
27 standards using energy efficiency programs under this subpart:

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

4 (b) Annual incremental energy savings in 2010 equivalent to
5 0.25% of total annual retail natural gas sales in decatherms or
6 equivalent MCFs in 2009.

7 (c) Annual incremental energy savings in 2011 equivalent to
8 0.5% of total annual retail natural gas sales in decatherms or
9 equivalent MCFs in 2010.

10 (d) Annual incremental energy savings in 2012, 2013, 2014, and
11 2015 ~~and, subject to section 97,~~ **EQUIVALENT TO 0.75% OF TOTAL**
12 **ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR EQUIVALENT MCFS IN**
13 **THE PRECEDING YEAR.**

14 (E) **ANNUAL INCREMENTAL ENERGY SAVINGS IN 2016 EQUIVALENT TO**
15 **0.9375% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR**
16 **EQUIVALENT MCFS IN 2015.**

17 (F) **ANNUAL INCREMENTAL ENERGY SAVINGS IN 2017 EQUIVALENT TO**
18 **1.125% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR**
19 **EQUIVALENT MCFS IN 2016.**

20 (G) **ANNUAL INCREMENTAL ENERGY SAVINGS IN 2018 EQUIVALENT TO**
21 **1.3125% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR**
22 **EQUIVALENT MCFS IN 2017.**

23 (H) **ANNUAL INCREMENTAL ENERGY SAVINGS IN 2019 AND** each year
24 thereafter equivalent to ~~0.75%~~ **1.5%** of total annual retail natural
25 gas sales in decatherms or equivalent MCFs in the preceding year.

26 (4) Incremental energy savings under subsection (1) or (3) for
27 the 2008-2009 biennium or any year thereafter shall be determined

1 for a provider by adding the energy savings expected to be achieved
2 during a 1-year period by energy optimization measures implemented
3 during the 2008-2009 biennium or any year thereafter under any
4 energy efficiency programs consistent with the provider's energy
5 efficiency plan.

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

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

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

18 (6) For any year after 2012, an electric provider may
19 substitute renewable energy credits associated with renewable
20 energy generated that year from a renewable energy system
21 constructed after ~~the effective date of this act,~~ **OCTOBER 6, 2008,**
22 advanced cleaner energy credits other than credits from industrial
23 cogeneration using industrial waste energy, load management that
24 reduces overall energy usage, or a combination thereof for energy
25 optimization credits otherwise required to meet the energy
26 optimization performance standard, if the substitution is approved
27 by the commission. The commission shall not approve a substitution

1 unless the commission determines that the substitution is cost-
2 effective and, if the substitution involves advanced cleaner energy
3 credits, that the advanced cleaner energy system provides carbon
4 dioxide emissions benefits. In determining whether the substitution
5 of advanced cleaner energy credits is cost-effective compared to
6 other available energy optimization measures, the commission shall
7 consider the environmental costs related to the advanced cleaner
8 energy system, including the costs of environmental control
9 equipment or greenhouse gas constraints or taxes. The commission's
10 determinations shall be made after a contested case hearing that
11 includes consultation with the department of environmental quality
12 on the issue of carbon dioxide emissions benefits, if relevant, and
13 environmental costs.

14 (7) Renewable energy credits, advanced cleaner energy credits,
15 load management that reduces overall energy usage, or a combination
16 thereof shall not be used by a provider to meet more than 10% of
17 the energy optimization standard. Substitutions for energy
18 optimization credits shall be made at the following rates per
19 energy optimization credit:

20 (a) 1 renewable energy credit.

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

23 (c) 4 advanced cleaner energy credits other than from plasma
24 arc gasification.