

HOUSE BILL NO. 4995

September 19, 2019, Introduced by Reps. Hoitenga, Rabhi, Steven Johnson, O'Malley, Maddock, Markkanen, Wozniak, Whitsett, Sowerby, Pohutsky, Koleszar, Yaroeh, Hood, Coleman, Reilly, Peterson, Byrd and Hammoud and referred to the Committee on Energy.

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
by amending section 61 (MCL 460.1061), as added by 2016 PA 342, and
by adding sections 62, 63, 64, 65, 66, and 67.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 ~~Sec. 61. An electric provider shall offer to its customers the~~
2 ~~opportunity to participate in a voluntary green pricing program~~
3 ~~under which the customer may specify, from the options made~~



1 available by the electric provider, the amount of electricity
 2 attributable to the customer that will be renewable energy. If the
 3 electric provider's rates are regulated by the commission, the
 4 program, including the rates paid for renewable energy, must be
 5 approved by the commission. The customer is responsible for any
 6 additional costs incurred and shall accrue any additional savings
 7 realized by the electric provider as a result of the customer's
 8 participation in the program. If an electric provider has not yet
 9 fully recovered the incremental costs of compliance, both of the
 10 following apply:

11 (a) A customer that receives at least 50% of the customer's
 12 average monthly electricity consumption through the program is
 13 exempt from paying surcharges for incremental costs of compliance.

14 (b) Before entering into an agreement to participate in a
 15 commission approved voluntary green pricing program with a customer
 16 that will not receive at least 50% of the customer's average
 17 monthly electricity consumption through the program, the electric
 18 provider shall notify the customer that the customer will be
 19 responsible for the full applicable charges for the incremental
 20 costs of compliance and for participation in the voluntary
 21 renewable energy program as provided under this section. **As used in**
 22 **this subpart:**

23 (a) "Community renewable energy program" means a tariff,
 24 tariff rider, or other legally binding offer by an electric
 25 provider through which both of the following apply to a community
 26 renewable energy system:

27 (i) The owner of the system may obtain a power purchase
 28 agreement with the electric provider.

29 (ii) A subscriber to the system may receive bill credits for



1 the subscriber's proportional interest in the output of the system,
2 as provided for in section 67.

3 (b) "Community renewable energy system" or "system" means a
4 renewable energy system that generates electricity and that meets
5 all of the following conditions:

6 (i) The system is connected to the electric distribution grid
7 serving this state.

8 (ii) The system has generating capacity of 5 megawatts or less
9 as measured at the point of grid interconnection.

10 (iii) The system has 10 or more subscribers.

11 (iv) No subscriber holds more than a 40% proportional interest
12 in the output of the system. However, a community renewable energy
13 system owner may hold more than a 40% proportional interest in the
14 community renewable energy system's output as an unsubscribed
15 portion.

16 (v) The system is located on a single parcel or contiguous
17 parcels of land.

18 (c) "Community renewable energy system owner" or "owner" means
19 a cooperative subscriber organization or other person that owns a
20 community renewable energy system.

21 (d) "Cooperative subscriber organization" means a group of
22 subscribers organized under the consumer cooperative act, chapter
23 11 of the nonprofit organization act, 1982 PA 162, MCL 450.3100 to
24 450.3192, for the purpose of owning or creating a community
25 renewable energy system.

26 (e) "Low-income customer" means an individual or family whose
27 income does not exceed the eligibility threshold set by the low-
28 income home energy assistance act of 1981, Public Law 97-35.

29 (f) "Low-income service organization" means a nonprofit



1 organization or governmental agency providing services to
2 individuals or families whose eligibility for services is
3 contingent on having an income below a certain threshold.

4 (g) "Subscriber" means a person that is a retail customer of
5 an electric provider and is a party to 1 or more subscriptions.

6 (h) "Subscription" means a contract between a community
7 renewable energy system owner and a retail electric customer
8 assigning to the customer a proportional interest in the output of
9 a community renewable energy system for the purpose of reducing the
10 customer's retail bill for electricity use at a premises located
11 within the distribution service territory where the system is
12 interconnected.

13 (i) "Unsubscribed portion" means the output of a community
14 renewable energy system in excess of that assigned to subscribers.

15 Sec. 62. An electric provider shall offer to its customers the
16 opportunity to participate in a voluntary green pricing program
17 under which the customer may specify, from the options made
18 available by the electric provider, the amount of electricity
19 attributable to the customer that will be renewable energy. If the
20 electric provider's rates are regulated by the commission, the
21 program, including the rates paid for renewable energy, must be
22 approved by the commission. The customer is responsible for any
23 additional costs incurred and shall accrue any additional savings
24 realized by the electric provider as a result of the customer's
25 participation in the program. If an electric provider has not yet
26 fully recovered the incremental costs of compliance, both of the
27 following apply:

28 (a) A customer that receives at least 50% of the customer's
29 average monthly electricity consumption through the program is



1 exempt from paying surcharges for incremental costs of compliance.

2 (b) Before entering into an agreement to participate in a
3 commission-approved voluntary green pricing program with a customer
4 that will not receive at least 50% of the customer's average
5 monthly electricity consumption through the program, the electric
6 provider shall notify the customer that the customer will be
7 responsible for the full applicable charges for the incremental
8 costs of compliance and for participation in the voluntary
9 renewable energy program as provided under this section.

10 Sec. 63. (1) Within 1 year after the effective date of the
11 amendatory act that added this section, the commission shall review
12 the voluntary green pricing program of each electric provider whose
13 rates are regulated by the commission for compliance with section
14 62.

15 (2) Every 2 years after approval of the voluntary green
16 pricing program pursuant to subsection (1), the commission shall
17 review the voluntary green pricing program, including the community
18 renewable energy systems program under sections 64 to 67, of each
19 electric provider whose rates are regulated by the commission.

20 (3) The commission may conduct a review under subsection (1)
21 or (2) ex parte. However, upon request by an interested person, a
22 review shall be conducted as a contested case pursuant to chapter 4
23 of the administrative procedures act of 1969, 1969 PA 306, MCL
24 24.271 to 24.288.

25 (4) In its review of an electric provider's community
26 renewable energy program, the commission shall assess the program's
27 effectiveness in facilitating, and may make recommendations for
28 promoting, all of the following objectives:

29 (a) Subscriptions in community renewable energy systems and



1 participation in other forms of distributed generation, to the
2 extent that the commission finds there is customer demand for
3 subscriptions or participation.

4 (b) Subscriptions by residential customers, including low-
5 income customers, agricultural producers, and low-income service
6 organizations that are retail customers, to the extent the
7 commission finds that there is demand for those subscriptions.

8 (c) Ownership of community renewable energy systems by
9 cooperative subscriber organizations, low-income service
10 organizations, and nonprofit entities.

11 (d) Development of community renewable energy systems with
12 attributes that the commission finds result in lower overall costs
13 for the electric provider's customers.

14 (e) Creation, financing, and operation of community renewable
15 energy systems owned by cooperative subscriber organizations.

16 (f) Affordability of subscriptions for retail customers,
17 including those receiving energy assistance through the Michigan
18 low income home energy assistance program.

19 (g) Development of mechanisms, incentives, and financing
20 options for low-income communities to benefit economically from
21 community renewable energy systems, including, but not limited to,
22 siting community renewable energy systems in low-income
23 communities, creating employment programs to build and administer
24 systems, fostering the ownership of systems by institutions and
25 cooperative subscriber organizations located in low-income
26 communities, and coordinating with appropriate government agencies,
27 community interests, and low-income service organizations.

28 (h) Development and operation of community renewable energy
29 systems with capacity exceeding 1% of each electric provider's



1 annual peak demand by 2026.

2 Sec. 64. An electric provider shall offer to its customers
3 within its voluntary green pricing program the opportunity to
4 participate in a community renewable energy systems program.

5 Sec. 65. (1) A subscription shall be sized to represent at
6 least 500 watts of the community renewable energy system's
7 generating capacity and to annually supply not more than 120% of
8 the annual average delivery of electricity from the electricity
9 provider to the subscriber at the premises to which the
10 subscription is attributed.

11 (2) A subscription may be transferred or assigned as specified
12 in the subscription contract to a cooperative subscriber
13 organization or to any other person that qualifies to be a
14 subscriber.

15 (3) A community renewable energy system owner may buy back a
16 subscription from a subscriber as specified in the subscription.
17 The proportional interest in the beneficial use of the renewable
18 energy produced by the community renewable energy system becomes
19 part of the unsubscribed portion when it is sold back to the owner.

20 Sec. 66. (1) An owner may contract with another person to
21 administer or operate the community renewable energy system.

22 (2) The owner, operator, and subscribers of a community
23 renewable energy system are not public utilities subject to
24 regulation by the commission solely as a result of their interest
25 in the community renewable energy system. Prices paid for
26 subscriptions in community renewable energy systems are not subject
27 to regulation by the commission unless the owner or operator is an
28 electric provider whose rates are regulated by the commission.

29 Sec. 67. (1) The owner of a community renewable energy system



1 shall do all of the following:

2 (a) Sell the electrical output from the system only to an
3 electric provider offering service to retail customers within the
4 distribution service territory where the community renewable energy
5 system is located. The amount of electricity and renewable energy
6 credits generated by each community renewable energy system shall
7 be determined by a production meter installed by the electric
8 provider and paid for by the owner of the community renewable
9 energy system.

10 (b) Provide real-time generation data to the electric provider
11 to facilitate incorporation of the community renewable energy
12 system into the electric provider's operations and to facilitate
13 the provision of credits to subscribers.

14 (c) Notify the electric provider of the current proportional
15 interest of each subscriber for use in determining the credit owed
16 to each subscriber. The information shall be provided in an
17 electronic format approved by the commission. The information shall
18 be provided on a monthly basis, or more frequently if required by
19 the commission, and within a reasonable period of time set by the
20 commission so that subscriber bills can be credited as provided in
21 subsection (2).

22 (2) An electric provider offering service to retail customers
23 within the distribution service territory where the community
24 renewable energy system is located shall do all of the following:

25 (a) Purchase the subscribed portion of the output of a
26 community renewable energy system by applying a credit to each
27 subscriber's bill for the premises designated in the subscriber's
28 subscription contract. The credit shall be calculated by
29 multiplying the subscriber's share of the electricity production



1 from the community renewable energy system by the difference
2 between the electric provider's full retail rate and a reasonable
3 delivery charge, and subtracting from the product a reasonable
4 charge for administering the community renewable energy system
5 contract and subscriber credits. A reasonable delivery charge shall
6 not result in a subscriber credit less than the power supply rate
7 applicable to the customer at the time the electricity is generated
8 by the community renewable energy system. If the community
9 renewable energy system is built on, or electrically integrated
10 directly to a building on, the premises designated in the
11 subscriber's subscription contract, there shall be no delivery
12 charge. For an electric provider whose rates are regulated by the
13 commission, the administrative charge and delivery charge rate
14 shall be determined by the commission in a general rate case.

15 (b) Purchase the unsubscribed portion of the output of a
16 community renewable energy system from the community renewable
17 energy system owner at the rate determined under section 6v of 1939
18 PA 3, MCL 460.6v, and section 210 of title II of the public utility
19 regulatory policies act of 1978, 16 USC 824a-3.

20 (c) Credit each subscriber's bill for the billing cycle
21 immediately following the cycle during which the energy was
22 generated by the community renewable energy system. The electric
23 provider shall add, remove, or otherwise update the proportional
24 interest of a subscriber in the electric provider's database within
25 10 business days after receiving notice of the charge from the
26 community renewable energy system owner. The subscriber's bill for
27 the month following the month in which the electric provider is
28 required to update the database shall reflect the updated
29 information. If, and to the extent that, a subscriber's community



1 renewable energy system credit exceeds the subscriber's electric
2 bill in a billing period, the credit shall be carried forward and
3 applied against future bills.

4 (3) If a subscriber terminates service from the electric
5 provider, the electric provider shall pay the subscriber any
6 outstanding bill credits on the subscriber's account. If the
7 community renewable energy system owner directs the electric
8 provider to credit the bill for a subscriber at premises for which
9 the subscriber is no longer billed, the electric provider shall
10 promptly notify the owner and shall either pay the owner for the
11 resulting increase in the unsubscribed portion or credit another
12 subscriber as directed by the owner.

