
THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 7. As used in this act:

(a) "Gasification facility" means a facility located in this state that, using a thermochemical process that does not involve
direct combustion, produces synthesis gas, composed of carbon
monoxide and hydrogen, from carbon-based feedstocks (such as
c coal, petroleum coke, wood, biomass, hazardous waste, medical
waste, industrial waste, and solid waste, including, but not
limited to, municipal solid waste, electronic waste, and waste
described in section 11514 of the natural resources and
environmental protection act, 1994 PA 451, MCL 324.11514)
and that uses the synthesis gas or a mixture of the
synthesis gas and methane to generate electricity for commercial
use. Gasification facility includes the transmission lines, gas
transportation lines and facilities, and associated property and
equipment specifically attributable to such a facility.
Gasification facility includes, but is not limited to, an
integrated gasification combined cycle facility and a plasma arc
gasification facility.
(b) "Incremental costs of compliance" means the net revenue
required by an electric provider to comply with the renewable
energy standard, calculated as provided under section 47.
(c) "Independent transmission company" means that term as
defined in section 2 of the electric transmission line
certification act, 1995 PA 30, MCL 460.562.
(d) "Integrated gasification combined cycle facility" means a
gasification facility that uses a thermochemical process, including
high temperatures and controlled amounts of air and oxygen, to
break substances down into their molecular structures and that uses
exhaust heat to generate electricity.
(e) "Integrated pyrolysis combined cycle facility" means a
pyrolysis facility that uses exhaust heat to generate electricity.
(f) "LEED" means the leadership in energy and environmental
design green building rating system developed by the United States
Green Building Council.

(g) "Load management" means measures or programs that target
equipment or behavior to result in decreased peak electricity
demand such as by shifting demand from a peak to an off-peak
period.

(h) "Megawatt", "megawatt hour", or "megawatt hour of
electricity", unless the context implies otherwise, includes the
steam equivalent of a megawatt or megawatt hour of electricity.

(i) "Modified net metering" means a utility billing method
that applies the power supply component of the full retail rate to
the net of the bidirectional flow of kilowatt hours across the
customer interconnection with the utility distribution system,
during a billing period or time-of-use pricing period. A negative
net metered quantity during the billing period or during each time-
of-use pricing period within the billing period reflects net excess
generation for which the customer is entitled to receive credit
under section 177(4). Under modified net metering, standby charges
for distributed generation customers on an energy rate schedule
shall be equal to the retail distribution charge applied to the
imputed customer usage during the billing period. The imputed
customer usage is calculated as the sum of the metered on-site
generation and the net of the bidirectional flow of power across
the customer interconnection during the billing period. The
commission shall establish standby charges under modified net
metering for distributed generation customers on demand-based rate
schedules that provide an equivalent contribution to utility system
costs. A charge for net metering and distributed generation
customers established pursuant to section 6a of 1939 PA 3, MCL
Sec. 173. (1) The commission shall establish a distributed generation program by order issued not later than 90 days after the effective date of the 2016 act that amended this section, by July 19, 2017. The commission may promulgate rules the commission considers necessary to implement this program. Any rules adopted regarding time limits for approval of parallel operation shall recognize reliability and safety complications including those arising from equipment saturation, use of multiple technologies, and proximity to synchronous motor loads. The program shall apply to all electric utilities whose rates are regulated by the commission and alternative electric suppliers in this state.

(2) Except as otherwise provided under this part, an electric customer of any class is eligible to interconnect an eligible electric generator with the customer's local electric utility and operate the eligible electric generator in parallel with the distribution system. The program shall be designed for a period of not less than 10 years and limit each customer to generation capacity designed to meet up to 100% of the customer's electricity consumption for the previous 12 months. The commission may waive the application, interconnection, and installation requirements of this part for customers participating in the net metering program under the commission's March 29, 2005 order in case no. U-14346.

(3) An electric utility or alternative electric supplier is not required to allow for a distributed generation program that is greater than 1% of its average in-state peak load for the preceding 5 calendar years. The electric utility or alternative electric supplier shall notify the commission if its distributed generation
program reaches the 1% limit under this subsection. The 1% limit
under this subsection shall be allocated as follows:

(a) No more than 0.5% for customers with an eligible electric
generator capable of generating 20 kilowatts or less.

(b) No more than 0.25% for customers with an eligible electric
generator capable of generating more than 20 kilowatts but not more
than 150 kilowatts.

(c) No more than 0.25% for customers with a methane digester
capable of generating more than 150 kilowatts.

(3) Selection of customers who have submitted a complete
application for participation in the distributed generation program
shall be based on the order in which the applications for
participation in the program are received by the electric utility
or alternative electric supplier—solely on meeting the
interconnection and equipment requirements for participation. An
electric utility or alternative electric supplier shall not
restrict the number of participants in the distributed generation
program unless, in a hearing before the commission, it demonstrates
to the satisfaction of the commission that the restriction is
necessary to protect the public health and safety or the integrity
of the distribution system.

(4) An electric utility or alternative electric supplier
shall not discontinue or refuse to provide electric service to a
customer solely because the customer participates in the
distributed generation program.

(5) The distributed generation program created under
subsection (1) shall include all of the following:

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

(b) Distributed generation equipment and its installation shall meet all current local and state electric and construction code requirements. Any equipment that is certified by a nationally recognized testing laboratory to IEEE 1547.1 testing standards and in compliance with UL 1741 scope 1.1A, effective May 7, 2007, or updates to those testing standards and scope approved by the commission, and that is installed in compliance with this part is considered to be compliant. Within the time provided by the commission in rules promulgated under pursuant to subsection (1) and consistent with good utility practice, and the protection of electric utility workers, electric utility equipment, and the general public, an electric utility may study, confirm, and ensure that an eligible electric generator installation at the customer's site meets the IEEE 1547 anti-islanding requirements or any applicable successor anti-islanding requirements determined by the commission to be reasonable and consistent with the purposes of this subdivision. If necessary to promote reliability or safety, the commission may promulgate rules that require the use of inverters that perform specific automated grid-balancing functions to integrate distributed generation onto the electric grid. Inverters that interconnect distributed generation resources may be owned and operated by electric utilities. Both of the following must be completed before the equipment is operated in parallel with the distribution system of the utility:

(i) Utility testing and approval of the interconnection, including all metering.
(ii) Execution of a parallel operating agreement.

(c) A uniform distributed generation application form and process to be used by all electric utilities and alternative electric suppliers in this state. Customers that are served by an alternative electric supplier shall submit a copy of the application to the electric utility for the customer's service area.

(d) Distributed generation customers with a system capable of generating 20 kilowatts or less qualify for true net metering.

(e) Distributed generation customers with a system capable of generating more than 20 kilowatts qualify for modified net metering.

(d) A requirement that each electric utility and alternative electric supplier shall maintain records of all applications and up-to-date records of all active eligible electric generators located within its service area.

Sec. 177. (1) Electric meters shall be used to determine the amount of the customer's energy use in each billing period, net of any excess energy the customer's generator delivers to the utility distribution system during that same billing period. For a customer with a generation system capable of generating more than 20 kilowatts, the utility shall install and utilize a generation meter and a meter or meters capable of measuring the flow of energy in both directions. A customer with a system capable of generating more than 150 kilowatts shall pay the costs of installing any new meters.

(2) An electric utility serving over 1,000,000 customers in this state may provide its customers participating in the distributed generation program, at no additional charge, a meter or
meters capable of measuring the flow of energy in both directions.

(3) An electric utility serving fewer than 1,000,000 customers in this state shall provide a meter or meters described in subsection (2) to customers participating in the distributed generation program at cost. Only the incremental cost above that for meters provided by the electric utility to similarly situated nongenerating customers shall be paid by the eligible customer.

(4) If the quantity of electricity generated and delivered to the utility distribution system by an eligible electric generator during a billing period exceeds the quantity of electricity supplied from the electric utility or alternative electric supplier during the billing period, the eligible customer shall be credited by their supplier of electric generation service for the excess kilowatt hours generated during the billing period. The credit shall appear on the bill for the following billing period and shall be limited to the total power supply charges on that bill. Any excess kilowatt hours not used to offset electric generation charges in the next billing period will be carried forward to subsequent billing periods. Notwithstanding any law or regulation, distributed generation customers shall not receive credits for electric utility transmission or distribution charges. The credit per kilowatt hour for kilowatt hours delivered into the utility's distribution system shall be either of the following:

(a) The monthly average real-time locational marginal price for energy at the commercial pricing node within the electric utility's distribution service territory, or for distributed generation customers on a time-based rate schedule, the monthly average real-time locational marginal price for energy at the commercial pricing node within the electric utility's distribution
(b) The electric utility's or alternative electric supplier's power supply component, excluding transmission charges, of the full retail rate during the billing period or time-of-use pricing period.

(5) A charge for net metering and distributed generation customers established pursuant to section 6a of 1939 PA 3, MCL 460.6a, shall not be reduced by any credit or other ratemaking mechanism for distributed generation under this section.

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

Enacting section 2. This amendatory act does not take effect unless Senate Bill No. 598 of the 100th Legislature is enacted into law.