

HOUSE BILL NO. 4283

March 20, 2025, Introduced by Reps. Prestin, Bohnak, Markkanen, Fairbairn, Cavitt, Beson, Neyer, Borton, Outman, Paquette and VanderWall and referred to Committee on Energy.

A bill to amend 2008 PA 295, entitled
"Clean and renewable energy and energy waste reduction act,"
by amending sections 28, 29, and 32 (MCL 460.1028, 460.1029, and
460.1032), sections 28 and 29 as amended and section 32 as added by
2023 PA 235, and by adding section 34.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 28. (1) An electric provider shall achieve a renewable
- 2 energy credit portfolio of at least the following:
- 3 (a) Through 2029, 15%.

1 (b) In 2030 through 2034, 50%.

2 (c) In 2035 and each year thereafter, 60%.

3 (2) An electric provider's renewable energy credit portfolio
4 shall be calculated as follows:

5 (a) Determine the number of renewable energy credits used to
6 comply with this subpart during the applicable year.

7 (b) Divide by 1 of the following at the option of the electric
8 provider as specified in its renewable energy plan:

9 (i) The number of weather normalized megawatt hours of
10 electricity sold by the electric provider during the previous year
11 to retail customers in this state, less the amount of sales
12 attributable to customers participating in an electric provider's
13 voluntary green pricing program under section 61 and the outflow
14 from customers participating in the distributed generation program
15 under section 173 for that year.

16 (ii) The average number of megawatt hours of electricity sold
17 by the electric provider annually during the previous 3 years to
18 retail customers in this state, less the amount of sales
19 attributable to customers participating in an electric provider's
20 voluntary green pricing program under section 61 and the outflow
21 from customers participating in the distributed generation program
22 under section 173 for that year.

23 (c) Multiply the quotient under subdivision (b) by 100.

24 (3) Notwithstanding subsection (1) and subject to subsection
25 (4), in any year a cooperative electric provider or a multistate
26 electric provider may calculate its maximum renewable energy credit
27 portfolio requirement as follows:

28 (a) Determine the number of megawatt hours of electricity sold
29 by the electric provider to retail customers in this state using

1 the option the electric provider selected under subsection (2)(b).

2 (b) Subtract the number of megawatt hours of nuclear energy
3 that the electric provider obtained from a system located in this
4 state that the electric provider owned or from which the electric
5 provider had contracted to receive nuclear energy on or before
6 January 1, 2024.

7 (4) An electric provider described in subsection (3) is
8 required to achieve a renewable energy credit portfolio equal only
9 to the electric provider's maximum renewable energy credit
10 portfolio requirement if the electric provider's maximum renewable
11 energy credit portfolio requirement is less than the number of
12 renewable energy credits required to comply with the applicable
13 standard in subsection (1). If the electric provider is a
14 multistate electric provider, and the electric provider's maximum
15 renewable energy credit portfolio requirement is less than the
16 number of renewable energy credits required to comply with the
17 applicable standard in subsection (1), then the electric provider
18 is required to achieve a renewable energy credit portfolio equal
19 only to the electric provider's maximum renewable energy credit
20 portfolio requirement if all of the following requirements are met:

21 (a) The electric provider's electricity generation systems
22 located within this state produce energy exceeding the electric
23 provider's electricity sales in this state.

24 (b) All of the electric provider's electricity generation
25 systems located within this state are clean energy systems.

26 (c) All of the renewable energy credits generated in this
27 state are used by the electric provider ~~toward compliance to~~ **comply**
28 with the renewable energy credit portfolio **requirement**, as
29 calculated under subsection (2).

1 (d) Renewable energy and clean energy generated in this state
2 equal to or exceeding the provider's electricity sales in this
3 state are not used by the provider or any other provider to comply
4 with any similar standards.

5 (5) Each electric provider shall meet the renewable energy
6 credit standard, subject to subsection (3), with renewable energy
7 credits obtained by any of the following means:

8 (a) Generating electricity from renewable energy systems for
9 sale to retail customers.

10 (b) Purchasing or otherwise acquiring renewable energy and
11 capacity.

12 (c) Purchasing or otherwise acquiring renewable energy credits
13 without the associated renewable energy or capacity. Renewable
14 energy credits acquired under this subdivision shall be produced
15 within the territory of the regional transmission organization of
16 which the electric provider is a member, and, except for a
17 municipally owned electric utility, shall not exceed 5% of an
18 electric provider's renewable energy credits annually used to
19 comply with the renewable energy standard. Renewable energy credits
20 acquired under this subdivision are not subject to the requirements
21 of section 29 and shall not be used to comply with the renewable
22 energy standard after 2035.

23 (6) For an electric provider whose rates are regulated by the
24 commission, the electric provider shall submit a contract entered
25 into for the purposes of subsection (5) to the commission for
26 review and approval. If the commission approves the contract, it is
27 considered consistent with the electric provider's renewable energy
28 plan. The commission shall not approve a contract based on an
29 unsolicited proposal unless the commission determines that the

1 unsolicited proposal provides opportunities that may not otherwise
2 be available or commercially practical through a competitive bid
3 process.

4 (7) An electric provider that has achieved annual incremental
5 energy savings of greater than 2% under an energy waste reduction
6 plan approved under section 73 may substitute energy waste
7 reduction credits for renewable energy credits otherwise required
8 to meet the renewable energy credit standard if the substitution is
9 approved by the commission. Under this subsection, energy waste
10 reduction credits shall not be used by a provider to meet more than
11 10% of the renewable energy credit standard. One renewable energy
12 credit shall be awarded per 1 energy waste reduction credit.

13 (8) If an electric provider whose rates are regulated by the
14 commission enters into a purchase power agreement for renewable
15 energy resources or a third-party contract for an energy storage
16 system or clean energy system with an entity that is not an
17 affiliate, the commission shall authorize an annual financial
18 incentive for the electric provider. The financial incentive shall
19 be calculated as the product of contract payments in that year
20 multiplied by the electric provider's pre-tax weighted average cost
21 of permanent capital comprised of long-term debt obligations and
22 equity of the electric provider's total capital structure as
23 determined by the commission's final order in the electric
24 provider's most recent general rate case. The pre-tax weighted
25 average cost of permanent capital used to calculate the financial
26 incentive shall not be fixed throughout the entire term of the
27 contract at the pre-tax weighted average cost of capital applicable
28 in the first year but shall be updated based on the commission's
29 final order in each succeeding general rate case for the electric

1 provider. The financial incentive shall apply to each contract
2 described in this subsection from the date the contract is executed
3 for the entire term of the contract. This subsection applies to any
4 contract entered into after June 30, 2024.

5 (9) As used in this section, "cooperative electric provider"
6 means an entity that is a member of or that purchases energy from
7 an entity that is either of the following:

8 (a) Organized as a cooperative corporation under sections 98
9 to 109 of 1931 PA 327, MCL 450.98 to 450.109.

10 (b) A cooperative corporation in the business of generating or
11 transmitting electricity.

12 Sec. 29. (1) Subject to subsections (2) to (4), a renewable
13 energy system that is the source of renewable energy credits used
14 to satisfy the renewable energy standards shall be located as
15 described in either of the following:

16 (a) Anywhere in this state.

17 (b) Outside of this state, but only if the electric provider
18 includes the capacity from the renewable energy system toward
19 meeting its resource adequacy obligations to the applicable
20 regional transmission organization.

21 (2) Subsection (1) does not require an electric provider to
22 procure firm transmission rights to ensure deliverability to the
23 resource adequacy zone where the load is served.

24 (3) Subsection (1) does not apply if electricity generated
25 from the renewable energy system is sold by a not-for-profit entity
26 located in Indiana, Ohio, or Wisconsin to a municipally owned
27 electric utility in this state or cooperative electric utility in
28 this state, and the electricity is not being used to meet another
29 state's standard for renewable energy.

(4) Renewable energy credits produced in the continental United States and owned by a customer of an electric provider may be ~~utilized~~**used** by the electric provider to meet the renewable energy credit standard if the electric customer chooses to report renewable energy credits to its electric provider as attributable to the customer's electric load. Any renewable energy credits reported by an electric customer for use by its electric provider shall be applied to the electric customer's proportional share of a renewable energy credit portfolio requirement for the year in which renewable energy credits are used to comply with the renewable energy credit standard. On an annual basis, not later than December 1, the electric customer shall provide the electric provider with an update on its 5-year forecast and notify the electric provider of the expected amount of renewable energy credits to be used toward compliance in the coming year. If the projected amount of renewable energy credits available for compliance will be less than what the electric customer projected in its 5-year forecast, then the electric customer shall notify the electric provider at least 5 years before the compliance year in which a projected reduction in renewable energy credits will occur. If the electric provider's rates are regulated by the commission and the electric provider uses the reported renewable energy credits to comply with the renewable energy credit portfolio standard, the electric provider shall grant the customer an appropriate cost-based rate credit against the cost of compliance under section 47. As used in this subsection, "customer of an electric provider" or "customer" means any of the following:

(a) A customer taking service under a rate approved by the commission under section 10gg of 1939 PA 3, MCL 460.10gg.

1 (b) A customer whose manufacturing complex is described in
2 section 10a(4)(c) of 1939 PA 3, MCL 460.10a, and that takes service
3 for a portion of its load from an alternative electric supplier
4 licensed under section 10a of 1939 PA 3, MCL 460.10a, on the
5 effective date of the amendatory act that added section 51.

6 (c) A customer of a municipally owned electric utility on the
7 effective date of the amendatory act that added this subsection if
8 the customer represents at least 25% of the municipally owned
9 electric utility's peak load.

10 (5) Renewable energy credits that qualify under subsection (1)
11 and are owned by members of a public body corporate established
12 under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL
13 124.501 to 124.512, on or before December 1, 2022, if those members
14 are part of Michigan's educational community and take service from
15 an alternative electric supplier licensed under section 10a of 1939
16 PA 3, MCL 460.10a, may be utilized by the members' electric
17 provider to meet the renewable energy credit standards if the
18 members choose to report renewable energy credits to the electric
19 provider as attributable to the electric load of members of the
20 cooperative. Any renewable energy credits reported by a member of
21 the cooperative for use by a provider to the members of the
22 cooperative shall be applied to the member's proportional share of
23 a renewable energy credit portfolio requirement for the year in
24 which renewable energy credits are used to comply with the
25 renewable energy credit standard.

26 Sec. 32. (1) Upon petition by an electric provider, the
27 commission may, upon a showing of good cause, grant an extension of
28 a renewable energy credit portfolio deadline under section 28. Each
29 extension shall not exceed 2 years. An extension of a deadline does

1 not affect a subsequent deadline.

2 (2) In a petition under subsection (1), an electric provider
3 must include a plan for resolving the barrier to compliance and
4 must make a showing of good cause by demonstrating any of the
5 following:

6 (a) Despite all commercially reasonable efforts by the
7 electric provider to comply with the deadline, compliance is not
8 practically feasible for reasons that may include, but are not
9 limited to, zoning, siting, permitting, supply chains, transmission
10 interconnection, labor shortages, delays in project deliverability
11 from developers, or unanticipated load growth. Issuing a request
12 for proposals to purchase renewable energy and not receiving a
13 commercially viable offer creates a rebuttable presumption that
14 compliance with the deadline is not practically feasible.

15 (b) Compliance would be excessively costly to customers
16 despite commercially reasonable efforts by the electric provider to
17 contain costs.

18 (c) Compliance would result in a deficiency in meeting
19 resource adequacy requirements in the electric provider's service
20 territory.

21 (d) Compliance would result in a local grid reliability issue.

22 (3) ~~Upon granting~~ **When the commission grants** an additional
23 extension for a particular renewable energy credit portfolio
24 deadline beyond the first 2 extensions, the commission shall notify
25 the speaker of the house, the majority leader of the senate, and
26 the chairpersons of the committees of the legislature having
27 jurisdiction over energy issues that it has granted an additional
28 extension to the electric provider and the reasons for the
29 extension.

1 Sec. 34. Electricity generated from reciprocating internal
2 combustion engines placed in service to facilitate the retirement
3 of coal-fired generation located in the Upper Peninsula before
4 February 27, 2024, may be utilized to comply with the renewable
5 energy credit portfolio standards and the clean energy standard.