

HOUSE BILL No. 4154

February 2, 2005, Introduced by Reps. Kolb, Condino, Kathleen Law, Tobocman, Meisner and Lemmons, III and referred to the Committee on Energy and Technology.

A bill to require certain providers of electric service to comply with a portfolio standard for renewable energy; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Biomass" means any organic matter that is available on a
3 renewable basis, including, but not limited to, all of the
4 following:

- 5 (i) Agricultural crops and agricultural wastes and residues.
6 (ii) Wood and wood wastes and residues.
7 (iii) Animal wastes.

1 (iv) Municipal wastes.

2 (v) Aquatic plants.

3 (b) "Commission" means the Michigan public service commission
4 in the department of consumer and industry services.

5 (c) "Portfolio standard" means a portfolio standard for
6 renewable energy established by the commission under this act.

7 (d) "Provider" means any person or entity that is in the
8 business of selling electricity to retail customers in this state.

9 (e) "Renewable energy" means any of the following:

10 (i) Biomass.

11 (ii) Geothermal energy.

12 (iii) Solar thermal energy.

13 (iv) Wind energy.

14 (f) "Renewable energy system" means any of the following:

15 (i) A facility or energy system that uses renewable energy to
16 generate electricity and transmits or distributes the electricity
17 that it generates from renewable energy.

18 (ii) A solar thermal energy system that reduces the consumption
19 of electricity.

20 Sec. 2. (1) For each provider, the commission shall establish
21 a portfolio standard for renewable energy. The portfolio standard
22 shall require the provider to generate or acquire electricity from
23 renewable energy systems in the following amounts:

24 (a) For calendar years 2005 through 2007, not less than 7% of
25 the total amount of electricity sold by the provider to its retail
26 customers in this state during the calendar year.

27 (b) For calendar years 2008 through 2011, not less than 9% of

1 the total amount of electricity sold by the provider to its retail
2 customers in this state during the calendar year.

3 (c) For calendar years 2012 through 2014, not less than 13% of
4 the total amount of electricity sold by the provider to its retail
5 customers in this state during the calendar year.

6 (d) For calendar year 2015 and for each calendar year
7 thereafter, not less than 15% of the total amount of electricity
8 sold by the provider to its retail customers in this state during
9 the calendar year.

10 (2) In addition to the requirements under subsection (1), the
11 portfolio standard for each provider shall require all of the
12 following:

13 (a) That of the total amount of electricity that the provider
14 is required to generate or acquire from renewable energy systems
15 during each calendar year, not less than 5% of that amount must be
16 generated or acquired from solar renewable energy systems.

17 (b) If the provider acquires electricity from a renewable
18 energy system under a renewable energy contract with another party,
19 the contract shall provide both of the following:

20 (i) That the term of the renewable energy contract shall be not
21 less than 10 years, unless the other party agrees to a renewable
22 energy contract with a shorter term.

23 (ii) That the terms and conditions of the renewable energy
24 contract are just and reasonable, as determined by the commission.

25 (3) If, for the benefit of 1 or more of its retail customers
26 in this state, the provider has subsidized, in whole or in part,
27 the acquisition or installation of a solar thermal energy system

1 that qualifies as a renewable energy system and that reduces the
2 consumption of electricity, the total reduction in the consumption
3 of electricity during each calendar year that results from the
4 solar thermal energy system is considered to be electricity that
5 the provider generated or acquired from a renewable energy system
6 for the purposes of complying with its portfolio standard.

7 (4) The commission may establish a system of renewable energy
8 credits that may be used by a provider to comply with its portfolio
9 standard.

10 (5) If a provider is unable to comply with its portfolio
11 standard through the generation of electricity from its own
12 renewable energy systems or the use of renewable energy credits,
13 the provider shall acquire electricity under 1 or more renewable
14 energy contracts.

15 (6) If the commission determines that there is not or will not
16 be a sufficient supply of electricity made available to a provider
17 under renewable energy contracts with just and reasonable terms and
18 conditions, the commission shall exempt the provider, for that
19 calendar year, from the remaining requirements of its portfolio
20 standard or from any appropriate portion of the standard.

21 (7) The commission shall determine whether the terms and
22 conditions of a renewable energy contract are just and reasonable.

23 (8) As used in this section:

24 (a) "Renewable energy contract" means a contract to acquire
25 electricity from 1 or more renewable energy systems owned,
26 operated, or controlled by third parties.

27 (b) "Terms and conditions" includes the price that a provider

1 of electric service is to pay to acquire electricity under a
2 renewable energy contract.

3 Sec. 3. (1) Each provider of electric service shall submit to
4 the commission an annual report that provides information relating
5 to the actions taken by the provider to comply with its portfolio
6 standard.

7 (2) Each provider shall submit the annual report to the
8 commission after the end of each calendar year and within the time
9 prescribed by the commission. The report shall be submitted in a
10 format approved by the commission.

11 (3) Each annual report shall include all of the following
12 information:

13 (a) The amount of electricity that the provider generated or
14 acquired from renewable energy systems during the reporting period
15 and the amount of renewable energy credits that the provider
16 acquired, sold, or traded during the reporting period to comply
17 with its portfolio standard.

18 (b) The capacity of each renewable energy system owned,
19 operated, or controlled by the provider, the total amount of
20 electricity generated by each system during the reporting period
21 and the percentage of that total amount that was generated directly
22 from renewable energy.

23 (c) Whether, during the reporting period, the provider began
24 construction on, acquired, or placed into operation any renewable
25 energy system.

26 (d) Any other information that the commission may require.

27 Sec. 4. (1) If a provider does not comply with its portfolio

1 standard for any calendar year and the commission has not exempted
2 the provider from the requirements of its portfolio standard, the
3 commission may impose a fine or take other appropriate action
4 against the provider.

5 (2) The commission may impose a fine against a provider based
6 on either of the following:

7 (a) Each kilowatt-hour of electricity that the provider does
8 not generate or acquire from a renewable energy system or a solar
9 thermal renewable energy system during a calendar year in violation
10 of its portfolio standard.

11 (b) Any other reasonable formula adopted by the commission.

12 (3) If the commission imposes a fine against a regulated rate
13 provider, then all of the following apply:

14 (a) The fine is not a cost of service of the provider.

15 (b) The provider shall not include any portion of the fine in
16 any application for a rate adjustment or rate increase.

17 (c) The commission shall not allow the provider to recover any
18 portion of the fine from its retail customers.