

SENATE BILL No. 912

October 20, 2009, Introduced by Senator McMANUS and referred to the Committee on Appropriations.

A bill to amend 2008 PA 295, entitled
"Clean, renewable, and efficient energy act,"
by amending sections 27 and 77 (MCL 460.1027 and 460.1077).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 27. (1) Subject to sections 31 and 45, and in addition to
2 the requirements of subsection (3), an electric provider that is an
3 electric utility with 1,000,000 or more retail customers in this
4 state as of January 1, 2008 shall achieve a renewable energy
5 capacity portfolio of not less than the following:

6 (a) For an electric provider with more than 1,000,000 but less
7 than 2,000,000 retail electric customers in this state on January

1 1, 2008, a renewable energy capacity portfolio of 200 megawatts by
2 December 31, 2013 and 500 megawatts by December 31, 2015.

3 (b) For an electric provider with more than 2,000,000 retail
4 electric customers in this state on January 1, 2008, a renewable
5 energy capacity portfolio of 300 megawatts by December 31, 2013 and
6 600 megawatts by December 31, 2015.

7 (2) An electric provider's renewable energy capacity portfolio
8 shall be calculated by adding the following:

9 (a) The nameplate capacity in megawatts of renewable energy
10 systems owned by the electric provider that were not in commercial
11 operation before ~~the effective date of this act~~ **OCTOBER 6, 2008**.

12 (b) The capacity in megawatts of renewable energy that the
13 electric provider is entitled to purchase under contracts that were
14 not in effect before ~~the effective date of this act~~ **OCTOBER 6,**
15 **2008**.

16 (3) Subject to sections 31 and 45, an electric provider shall
17 achieve a renewable energy credit portfolio as follows:

18 (a) In 2012, 2013, 2014, and 2015, a renewable energy credit
19 portfolio based on the sum of the following:

20 (i) The number of renewable energy credits from electricity
21 generated in the 1-year period preceding ~~the effective date of this~~
22 ~~act~~ **OCTOBER 6, 2008** that would have been transferred to the
23 electric provider pursuant to section 35(1), if this act had been
24 in effect during that 1-year period.

25 (ii) The number of renewable energy credits equal to the number
26 of megawatt hours of electricity produced or obtained by the
27 electric provider in the 1-year period preceding ~~the effective date~~

~~of this act~~ **OCTOBER 6, 2008** from renewable energy systems for which recovery in electric rates was approved on ~~the effective date of this act~~ **OCTOBER 6, 2008**.

(iii) Renewable energy credits in an amount calculated as follows:

(A) Taking into account the number of renewable energy credits under subparagraphs (i) and (ii), determine the number of additional renewable energy credits that the electric provider would need to reach a 10% renewable energy portfolio in that year.

(B) Multiply the number under sub-subparagraph (A) by 20% for 2012, 33% for 2013, 50% for 2014, and 100% for 2015.

(b) In 2016 and each year thereafter, maintain a renewable energy credit portfolio that consists of at least the same number of renewable energy credits as were required in 2015 under subdivision (a).

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

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

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

(i) The number of weather-normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state.

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

2 (5) Subject to subsection (6), each electric provider shall
3 meet the renewable energy credit standards with renewable energy
4 credits obtained by 1 or more of the following means:

5 (a) Generating electricity from renewable energy systems for
6 sale to retail customers.

7 (b) Purchasing or otherwise acquiring renewable energy credits
8 with or without the associated renewable energy.

9 (6) An electric provider may substitute energy optimization
10 credits, advanced cleaner energy credits with or without the
11 associated advanced cleaner energy, or a combination thereof for
12 renewable energy credits otherwise required to meet the renewable
13 energy credit standards if the substitution is approved by the
14 commission. However, commission approval is not required to
15 substitute advanced cleaner energy from industrial cogeneration for
16 renewable energy credits. The commission shall not approve a
17 substitution unless the commission determines that the substitution
18 is cost-effective compared to other sources of renewable energy
19 credits and, if the substitution involves advanced cleaner energy
20 credits, that the advanced cleaner energy system provides carbon
21 dioxide emissions benefits. In determining whether the substitution
22 of advanced cleaner energy credits is cost-effective, the
23 commission shall include as part of the costs of the system the
24 environmental costs attributed to the advanced cleaner energy
25 system, including the costs of environmental control equipment or
26 greenhouse gas constraints or taxes. The commission's
27 determinations shall be made after a contested case hearing that

1 includes consultation with the department of ~~environmental quality~~
2 **NATURAL RESOURCES** on the issue of carbon dioxide emissions
3 benefits, if relevant, and environmental costs.

4 (7) Under subsection (6), energy optimization credits,
5 advanced cleaner energy credits, or a combination thereof shall not
6 be used by a provider to meet more than 10% of the renewable energy
7 credit standards. Advanced cleaner energy from advanced cleaner
8 energy systems in existence on January 1, 2008 shall not be used by
9 a provider to meet more than 70% of this 10% limit. This 10% limit
10 does not apply to advanced cleaner energy credits from plasma arc
11 gasification.

12 (8) Substitutions under subsection (6) shall be made at the
13 following rates per renewable energy credit:

14 (a) One energy optimization credit.

15 (b) One advanced cleaner energy credit from plasma arc
16 gasification or industrial cogeneration.

17 (c) Ten advanced cleaner energy credits other than from plasma
18 arc gasification or industrial cogeneration.

19 Sec. 77. (1) Except as provided in section 81 and subject to
20 the sales revenue expenditure limits in section 89, an electric
21 provider's energy optimization programs under this subpart shall
22 collectively achieve the following minimum energy savings:

23 (a) Biennial incremental energy savings in 2008-2009
24 equivalent to 0.3% of total annual retail electricity sales in
25 megawatt hours in 2007.

26 (b) Annual incremental energy savings in 2010 equivalent to
27 0.5% of total annual retail electricity sales in megawatt hours in

1 2009.

2 (c) Annual incremental energy savings in 2011 equivalent to
3 0.75% of total annual retail electricity sales in megawatt hours in
4 2010.

5 (d) Annual incremental energy savings in 2012, 2013, 2014, and
6 2015 and, subject to section 97, each year thereafter equivalent to
7 1.0% of total annual retail electricity sales in megawatt hours in
8 the preceding year.

9 (2) If an electric provider uses load management to achieve
10 energy savings under its energy optimization plan, the minimum
11 energy savings required under subsection (1) shall be adjusted by
12 an amount such that the ratio of the minimum energy savings to the
13 sum of maximum expenditures under section 89 and the load
14 management expenditures remains constant.

15 (3) A natural gas provider shall meet the following minimum
16 energy optimization standards using energy efficiency programs
17 under this subpart:

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

21 (b) Annual incremental energy savings in 2010 equivalent to
22 0.25% of total annual retail natural gas sales in decatherms or
23 equivalent MCFs in 2009.

24 (c) Annual incremental energy savings in 2011 equivalent to
25 0.5% of total annual retail natural gas sales in decatherms or
26 equivalent MCFs in 2010.

27 (d) Annual incremental energy savings in 2012, 2013, 2014, and

1 2015 and, subject to section 97, each year thereafter equivalent to
2 0.75% of total annual retail natural gas sales in decatherms or
3 equivalent MCFs in the preceding year.

4 (4) Incremental energy savings under subsection (1) or (3) for
5 the 2008-2009 biennium or any year thereafter shall be determined
6 for a provider by adding the energy savings expected to be achieved
7 during a 1-year period by energy optimization measures implemented
8 during the 2008-2009 biennium or any year thereafter under any
9 energy efficiency programs consistent with the provider's energy
10 efficiency plan.

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

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

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

23 (6) For any year after 2012, an electric provider may
24 substitute renewable energy credits associated with renewable
25 energy generated that year from a renewable energy system
26 constructed after ~~the effective date of this act~~ **OCTOBER 6, 2008,**
27 advanced cleaner energy credits other than credits from industrial

1 cogeneration using industrial waste energy, load management that
2 reduces overall energy usage, or a combination thereof for energy
3 optimization credits otherwise required to meet the energy
4 optimization performance standard, if the substitution is approved
5 by the commission. The commission shall not approve a substitution
6 unless the commission determines that the substitution is cost-
7 effective and, if the substitution involves advanced cleaner energy
8 credits, that the advanced cleaner energy system provides carbon
9 dioxide emissions benefits. In determining whether the substitution
10 of advanced cleaner energy credits is cost-effective compared to
11 other available energy optimization measures, the commission shall
12 consider the environmental costs related to the advanced cleaner
13 energy system, including the costs of environmental control
14 equipment or greenhouse gas constraints or taxes. The commission's
15 determinations shall be made after a contested case hearing that
16 includes consultation with the department of ~~environmental quality~~
17 **NATURAL RESOURCES** on the issue of carbon dioxide emissions
18 benefits, if relevant, and environmental costs.

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

25 (a) 1 renewable energy credit.

26 (b) 1 advanced cleaner energy credit from plasma arc
27 gasification.

1 (c) 4 advanced cleaner energy credits other than from plasma
2 arc gasification.

3 Enacting section 1. This amendatory act does not take effect
4 unless Senate Bill No. 807

5 of the 95th Legislature is enacted into law.