

HOUSE BILL No. 5676

June 12, 2014, Introduced by Reps. Irwin, Switalski, Roberts, Dianda, Barnett, McBroom, Kivela, Zemke, Townsend, Lamonte, Robinson, Kelly and Hovey-Wright and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled
"Clean, renewable, and efficient energy act,"
by amending section 177 (MCL 460.1177) and by adding section 178.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

1 more than 150 kilowatts shall pay the costs of installing any new
2 meters.

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

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

13 (4) If the quantity of electricity generated and delivered to
14 the utility distribution system by an eligible electric generator
15 during a billing period exceeds the quantity of electricity
16 supplied from the electric utility or alternative electric supplier
17 during the billing period, the eligible customer shall be credited
18 by their supplier of electric generation service for the excess
19 kilowatt hours generated during the billing period. The credit
20 shall appear on the bill for the following billing period and shall
21 be limited to the total power supply charges on that bill. ~~Any~~
22 **EXCEPT AS PROVIDED IN SECTION 178, ANY** excess kilowatt hours not
23 used to offset electric generation charges in the next billing
24 period will be carried forward to subsequent billing periods.
25 ~~Notwithstanding any law or regulation, net metering customers shall~~
26 ~~not receive credits for electric utility transmission or~~
27 ~~distribution charges.~~ The credit per kilowatt hour for kilowatt

1 hours delivered into the utility's distribution system shall be
2 either of the following:

3 (a) ~~The monthly average real-time locational marginal price~~
4 ~~for energy at the commercial pricing node within the electric~~
5 ~~utility's distribution service territory, CUSTOMER'S RETAIL RATE,~~
6 or for net metering customers on a time-based rate schedule, the
7 ~~monthly average real-time locational marginal price for energy at~~
8 ~~the commercial pricing node within the electric utility's~~
9 ~~distribution service territory CUSTOMER'S RETAIL RATE~~ during the
10 time-of-use pricing period.

11 (b) The electric utility's or alternative electric supplier's
12 ~~power supply component of the full retail rate~~ during the billing
13 period or time-of-use pricing period.

14 SEC. 178. (1) AN ELECTRIC PROVIDER MAY APPLY FOR COMMISSION
15 APPROVAL FOR AN ALTERNATIVE RATE THAT COMPENSATES A CUSTOMER
16 THROUGH A BILL CREDIT FOR THE VALUE TO THE ELECTRIC PROVIDER, ITS
17 CUSTOMERS, AND SOCIETY FOR OPERATING A DISTRIBUTED GENERATION
18 RESOURCE INTERCONNECTED TO THE SYSTEM AND OPERATED BY THE CUSTOMER
19 PRIMARILY FOR MEETING THE CUSTOMER'S OWN ENERGY NEEDS. IF THE
20 COMMISSION APPROVES THE ALTERNATIVE RATE, IT APPLIES TO A CUSTOMER
21 INTERCONNECTION OCCURRING AFTER THE DATE OF APPROVAL. THE
22 ALTERNATIVE RATE IS IN LIEU OF THE APPLICABLE RATE UNDER SECTION
23 177(4) OR ANY OTHER RATE UNDER THIS PART.

24 (2) THE COMMISSION SHALL, AFTER NOTICE AND OPPORTUNITY FOR
25 PUBLIC COMMENT, APPROVE THE ALTERNATIVE RATE IF THE ELECTRIC
26 PROVIDER HAS PROPOSED A PLAN TO ESTABLISH AND IMPLEMENT AN
27 ALTERNATIVE RATE THAT MEETS ALL OF THE FOLLOWING:

1 (A) APPROPRIATELY APPLIES THE METHODOLOGY ESTABLISHED BY THE
2 COMMISSION UNDER SUBSECTION (4).

3 (B) INCLUDES A MECHANISM TO ALLOW RECOVERY OF THE COST OF
4 SERVING CUSTOMERS WHO ARE COMPENSATED AT THE ALTERNATIVE RATE.

5 (C) CHARGES THE CUSTOMER FOR ALL ELECTRICITY CONSUMED BY THE
6 CUSTOMER AT THE APPLICABLE RATE SCHEDULE FOR THE ELECTRIC
7 PROVIDER'S SALES TO THAT CLASS OF CUSTOMER.

8 (D) CREDITS THE CUSTOMER FOR ALL ELECTRICITY GENERATED BY THE
9 DISTRIBUTED GENERATION DEVICE AT THE ALTERNATIVE RATE ESTABLISHED
10 UNDER THIS SUBSECTION.

11 (E) APPLIES THE CHARGES AND CREDITS IN SUBDIVISIONS (C) AND
12 (D) TO A MONTHLY BILL AND APPLIES THE UNUSED PORTION OF THE CREDIT
13 IN ANY MONTH OR BILLING PERIOD TO BE CARRIED FORWARD AND CREDITED
14 AGAINST ALL THE ELECTRIC PROVIDER'S CHARGES. IF THE CUSTOMER HAS A
15 POSITIVE BALANCE AFTER THE 12-MONTH CYCLE ENDING ON THE LAST DAY IN
16 JANUARY, THAT CREDIT BALANCE IS PAID TO THE CUSTOMER AT THE
17 ALTERNATIVE RATE AND THE 12-MONTH CREDIT CYCLE RESTARTS WITH THE
18 NEXT BILLING PERIOD.

19 (F) COMPLIES WITH ANY APPLICABLE SIZE LIMIT SPECIFIED IN THIS
20 PART.

21 (G) COMPLIES WITH THE INTERCONNECTION REQUIREMENTS UNDER
22 SECTION 173.

23 (H) COMPLIES WITH THE STANDBY CHARGE REQUIREMENTS ESTABLISHED
24 BY THE COMMISSION FOR NET METERING CUSTOMERS.

25 (3) A PROVIDER SHALL PROVIDE TO THE CUSTOMER THE METER AND ANY
26 OTHER EQUIPMENT NEEDED TO PROVIDE SERVICE UNDER THE ALTERNATIVE
27 RATE.

1 (4) THE COMMISSION SHALL ESTABLISH A DISTRIBUTED GENERATION
2 VALUE METHODOLOGY FOR USE IN SUBSECTION (2) (A) NOT LATER THAN 180
3 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
4 SECTION. WHEN DEVELOPING THE DISTRIBUTED GENERATION VALUE
5 METHODOLOGY, THE COMMISSION SHALL CONSULT STAKEHOLDERS WITH
6 EXPERIENCE AND EXPERTISE IN POWER SYSTEMS, RENEWABLE ENERGY, AND
7 ELECTRIC PROVIDER RATEMAKING REGARDING THE PROPOSED METHODOLOGY,
8 UNDERLYING ASSUMPTIONS, AND PRELIMINARY DATA.

9 (5) THE DISTRIBUTED GENERATION VALUE METHODOLOGY ESTABLISHED
10 BY THE COMMISSION SHALL, AT A MINIMUM, ACCOUNT FOR THE VALUE OF
11 ENERGY AND ITS DELIVERY, GENERATION CAPACITY, TRANSMISSION
12 CAPACITY, TRANSMISSION AND DISTRIBUTION LINE LOSSES, AND
13 ENVIRONMENTAL VALUE. THE COMMISSION MAY, BASED ON KNOWN AND
14 MEASURABLE EVIDENCE OF THE COST OR BENEFIT OF DISTRIBUTED
15 GENERATION OPERATION TO THE ELECTRIC PROVIDER, INCORPORATE OTHER
16 VALUES INTO THE METHODOLOGY, INCLUDING CREDIT FOR LOCALLY
17 MANUFACTURED OR ASSEMBLED ENERGY SYSTEMS, SYSTEMS INSTALLED AT
18 HIGH-VALUE LOCATIONS ON THE DISTRIBUTION GRID, OR OTHER FACTORS.

19 (6) THE CREDIT FOR DISTRIBUTED GENERATION VALUE APPLIED TO
20 ALTERNATIVE RATES APPROVED UNDER THIS SECTION SHALL REPRESENT THE
21 PRESENT VALUE OF THE FUTURE REVENUE STREAMS OF THE VALUE COMPONENTS
22 IDENTIFIED IN SUBSECTION (4).

23 (7) THE ELECTRIC PROVIDER SHALL RECALCULATE THE ALTERNATIVE
24 RATE EVERY 2 YEARS, AND SHALL FILE THE RECALCULATED ALTERNATIVE
25 RATE WITH THE COMMISSION FOR APPROVAL.

26 (8) RENEWABLE ENERGY CREDITS FOR ENERGY FROM DISTRIBUTED
27 GENERATION THAT IS SUBJECT TO THIS SECTION BELONG TO THE ELECTRIC

1 PROVIDER PROVIDING THE CREDIT.

2 (9) THE COMMISSION SHALL NOT AUTHORIZE AN ELECTRIC PROVIDER TO
3 USE AN ALTERNATIVE RATE THAT IS LOWER THAN THE ELECTRIC PROVIDER'S
4 APPLICABLE RETAIL RATE UNTIL 3 YEARS AFTER THE COMMISSION APPROVES
5 AN ALTERNATIVE RATE FOR THE ELECTRIC PROVIDER.

6 (10) A ELECTRIC PROVIDER SHALL ENTER INTO A CONTRACT WITH AN
7 OWNER OF A DISTRIBUTED GENERATION DEVICE RECEIVING AN ALTERNATIVE
8 RATE UNDER THIS SECTION FOR A MINIMUM OF 20 YEARS, UNLESS A SHORTER
9 TERM IS AGREED TO BY THE PARTIES.

10 (11) AN OWNER OF A DISTRIBUTED GENERATION DEVICE RECEIVING AN
11 ALTERNATIVE RATE UNDER THIS SECTION SHALL BE PAID THE SAME RATE PER
12 KILOWATT-HOUR GENERATED EACH YEAR FOR THE TERM OF THE CONTRACT.

13 Enacting section 1. This amendatory act does not take effect
14 unless Senate Bill No. ____ or House Bill No. ____ (request no.
15 02653'13) of the 97th Legislature is enacted into law.
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