

HOUSE BILL NO. 4590

June 10, 2025, Introduced by Reps. Markkanen, Wortz, Bohnak, Beson, Borton, Cavitt, Rigas, Outman, Martin, Kunse, Thompson, Paquette, Roth, Bierlein, Kelly, Neyer, Wozniak, Johnsen, BeGole, Frisbie, Fairbairn, VanderWall and Prestin 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 section 5 (MCL 460.1005), as amended by 2023 PA 235,
and by adding part 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 5. As used in this act:
- 2 (a) "Efficient electrification measure" means an electric
- 3 appliance or equipment installed in an existing building to
- 4 electrify, in whole or in part, space heating, water heating,

1 cooling, drying, cooking, industrial processes, or another building
2 or industrial end use that would otherwise be served by combustion
3 of fossil fuel on the premises and that meets best-practice
4 standards for cost-effective energy efficiency as determined by the
5 commission. Efficient electrification measure includes, but is not
6 limited to, any of the following:

7 (i) A cold-climate air-source heat pump.

8 (ii) An electric clothes dryer.

9 (iii) A ground-source heat pump.

10 (iv) High-efficiency electric cooking equipment.

11 (v) A heat pump or high-efficiency electric water heater.

12 (b) "Efficient electrification measures plan" means a plan to
13 offer and promote efficient electrification measures.

14 (c) "Efficient electrification measures program" means a
15 program to implement an efficient electrification measures plan.

16 (d) "Electric provider" means any of the following:

17 (i) Any person or entity that is regulated by the commission
18 for the purpose of selling electricity to retail customers in this
19 state.

20 (ii) ~~A~~ **Except as used in part 9, a** municipally owned electric
21 utility in this state.

22 (iii) ~~A~~ **Except as used in part 9, a** cooperative electric utility
23 in this state.

24 (iv) Except as used in subpart C of part 2 **and in part 9,** an
25 alternative electric supplier licensed under section 10a of 1939 PA
26 3, MCL 460.10a.

27 (e) "Eligible electric generator" means a methane digester or
28 renewable energy system with a generation capacity limited to 110%
29 of the customer's electricity consumption for the previous 12

1 months.

2 (f) "Energy conservation" means the reduction of customer
3 energy use through the installation of measures or changes in
4 energy usage behavior.

5 (g) "Energy efficiency" means a decrease in customer
6 consumption of electricity or natural gas achieved through measures
7 or programs that target customer behavior, equipment, devices, or
8 materials without reducing the quality of energy services.

9 (h) "Energy star" means the voluntary partnership among the
10 United States Department of Energy, the United States Environmental
11 Protection Agency, product manufacturers, local utilities, and
12 retailers to help promote energy efficient products by labeling
13 with the energy star logo, educate consumers about the benefits of
14 energy efficiency, and help promote energy efficiency in buildings
15 by benchmarking and rating energy performance.

16 (i) "Energy storage system" means any technology that is
17 capable of absorbing energy, storing the energy for a period of
18 time, and redelivering the energy. Energy storage system does not
19 include either of the following:

20 (i) Fossil fuel storage.

21 (ii) Power-to-gas storage that directly uses fossil fuel
22 inputs.

23 (j) "Energy waste reduction", subject to subdivision (k),
24 means all of the following:

25 (i) Energy efficiency.

26 (ii) Load management, to the extent that the load management
27 reduces provider costs.

28 (iii) Energy conservation, but only to the extent that the
29 decreases in the consumption of electricity produced by energy

1 conservation are objectively measurable and attributable to an
2 energy waste reduction plan.

3 (k) Energy waste reduction does not include electric provider
4 infrastructure projects that are approved for cost recovery by the
5 commission other than as provided in this act.

6 (l) "Energy waste reduction credit" means a credit certified
7 pursuant to section 87. ~~that represents achieved energy waste~~
8 ~~reduction.~~

9 (m) "Energy waste reduction plan" means a plan under section
10 71.

11 (n) "Energy waste reduction standard" means the minimum energy
12 savings required to be achieved under section 77.

13 (o) "Federal approval" means approval by the applicable
14 regional transmission organization or other Federal Energy
15 Regulatory Commission-approved transmission planning process of a
16 transmission project that includes the transmission line. Federal
17 approval may be evidenced in any of the following manners:

18 (i) The proposed transmission line is part of a transmission
19 project included in the applicable regional transmission
20 organization's board-approved transmission expansion plan.

21 (ii) The applicable regional transmission organization has
22 informed the electric utility, affiliated transmission company, or
23 independent transmission company that a transmission project
24 submitted for an out-of-cycle project review has been approved by
25 the applicable regional transmission organization, and the approved
26 transmission project includes the proposed transmission line.

27 (iii) If, after October 6, 2008, the applicable regional
28 transmission organization ~~utilizes~~ **develops** another approval
29 process for transmission projects proposed by an electric utility,

1 affiliated transmission company, or independent transmission
2 company, the proposed transmission line is included in a
3 transmission project approved by the applicable regional
4 transmission organization through the approval process developed
5 after October 6, 2008.

6 (iv) Any other Federal Energy Regulatory Commission-approved
7 transmission planning process for a transmission project.

8 **PART 9.**

9 **LOCALLY DISTRIBUTED SHARED SOLAR FACILITIES**

10 **Sec. 241. (1) This part may be cited as the "maximizing**
11 **American grid affordability (MAGA)" act.**

12 (2) As used in this part:

13 (a) "Agrivoltaic practice" means a system under which solar
14 energy production and agricultural production, including crop or
15 animal production, occurs in an integrated manner on the same
16 parcel of land through the duration of the LDSS facility.

17 (b) "Applicable bill credit rate" means the dollar-per-
18 kilowatt-hour rate established by the commission under section
19 245(2) to calculate a subscriber's bill credit.

20 (c) "Bill credit" means the monetary value of the electricity
21 in kilowatt-hours generated by the LDSS facility allocated to a
22 subscriber to offset that subscriber's electricity bill.

23 (d) "Control" means the possession, directly or indirectly, of
24 the power to direct the management and policies of an entity,
25 whether through the ownership of voting securities, by contract, or
26 otherwise. Control exists when affiliates have shared sales or
27 revenue-sharing arrangements or common debt and equity financing
28 arrangements, but control is not limited to such situations.

29 (e) "Locally distributed shared solar facility" or "LDSS

1 facility" means a facility, which may be located on 1 or more
2 parcels of land, that meets all of the following requirements:

3 (i) Generates electricity by means of solar photovoltaic
4 devices that are not manufactured in whole or in part in China,
5 North Korea, or Iran.

6 (ii) Produces for each subscriber a bill credit for the
7 electricity generated in proportion to the size of the subscriber's
8 subscription.

9 (iii) Is connected to the electric distribution grid serving
10 this state.

11 (iv) Has at least 3 subscribers.

12 (v) For the purpose of initial program qualifications, does
13 not have a point of interconnection located within 1 mile of the
14 point of interconnection of a solar facility under the control of
15 the same entity.

16 (vi) Has no subscriber that holds more than a 40% proportional
17 interest in the output of the system.

18 (vii) Beginning 1 year after commencing operation, has not less
19 than 60% of its capacity subscribed by subscriptions of 40
20 kilowatts or less.

21 (viii) Has a capacity of not greater than 20 megawatts
22 alternating current if located on the roof of a commercial or
23 industrial building or 5 megawatts if not so located.

24 (f) "Low-income household" means a household that meets any of
25 the following conditions:

26 (i) Has a household income of not more than 80% of the area
27 median household income, as published by the United States
28 Department of Housing and Urban Development.

29 (ii) Has a household income of not more than 200% of the

1 poverty line as defined in section 2110 of the Social Security Act,
2 42 USC 1397jj.

3 (iii) Is enrolled in a low-income program facilitated by this
4 state or overseen by the electric utility.

5 (iv) Other low-income criteria as determined by the commission.

6 (g) "Low-income service organization" means an organization
7 that provides services, assistance, or housing to individuals in
8 low-income households and may include a central tribal government,
9 or a tribally designated housing authority.

10 (h) "Nonministerial permits" means governmental permits and
11 approvals to construct the project, other than ministerial permits
12 such as a building permit.

13 (i) "Subscriber" means a retail electric customer of an
14 electric provider that meets all of the following requirements:

15 (i) The subscriber owns 1 or more subscriptions to an LDSS
16 facility interconnected with and located in the service territory
17 of the electric provider.

18 (ii) The subscriber's property to the electric bill of which
19 the bill credits are applied is located in the same service
20 territory described in subparagraph (i).

21 (j) "Subscriber organization" means a for-profit or nonprofit
22 entity that owns or operates 1 or more LDSS facilities.

23 (k) "Subscription" means a contract between a subscriber and
24 the owner of an LDSS facility under which the estimated bill
25 credits of the subscriber do not exceed the average annual bill for
26 the customer account to which the subscription is attributed.

27 (l) "Third-party developer" means a developer of an LDSS
28 facility that is not a subscriber to that LDSS facility or an
29 electric provider.

1 Sec. 243. (1) An electric provider shall apply a bill credit
2 to a subscriber's monthly electric bill for the output of a locally
3 distributed shared solar facility during the immediately preceding
4 month attributable to that subscriber. The value of the bill credit
5 shall be calculated by multiplying the subscriber's portion of the
6 kilowatt-hour electricity production from the LDSS facility by the
7 applicable bill credit rate for the subscriber. Any amount of the
8 bill credit that exceeds the subscriber's monthly bill shall be
9 carried over and applied to the next monthly bill as many times as
10 necessary until the entire credit has been applied.

11 (2) An electric provider shall provide bill credits to each of
12 an LDSS facility's subscribers for electricity generated by the
13 LDSS facility for not less than 25 years from the date the LDSS
14 facility begins commercial operation. When an electric provider
15 files tariffs with the commission, the electric provider shall
16 include options in the tariffs that allow a subscriber to receive
17 bill credits for the subscriber's electricity bills.

18 (3) A subscriber organization shall provide a subscriber list
19 to the electric provider in whose service territory the subscriber
20 organization's LDSS facility is located. The subscriber list shall
21 be in a standardized electronic format and specify the percentage
22 of the LDSS facility's generation attributable to each subscriber.
23 The subscriber organization shall update the subscriber list by
24 removing subscribers that cancel their subscriptions and adding new
25 subscribers.

26 (4) An electric provider shall, on a monthly basis and in a
27 standardized electronic format, provide to a subscriber
28 organization that has an LDSS facility within the electric
29 provider's service territory a report that specifies both of the

1 following:

2 (a) The total value of bill credits generated by the
3 subscriber organization's LDSS facility in the prior month.

4 (b) The amount of the bill credit applied under subsection (1)
5 to each subscriber.

6 (5) A subscriber organization may accumulate bill credits if
7 all of the electricity generated by an LDSS facility is not
8 allocated to subscribers in a given month. On an annual basis, the
9 subscriber organization shall provide to the electric provider
10 whose service territory includes the location of the subscriber
11 organization's LDSS facility instructions for distributing excess
12 bill credits to subscribers.

13 (6) Any renewable energy credits for electricity generated by
14 an LDSS facility are the property of the subscriber organization
15 that owns or operates the LDSS facility. The subscriber
16 organization may sell, accumulate, retire, or distribute to
17 subscribers the subscriber organization's renewable energy credits.

18 Sec. 245. (1) By 1 year after the effective date of the
19 amendatory act that added this section, the commission shall
20 promulgate rules to do all of the following:

21 (a) Allow for the creation and financing of LDSS facilities
22 and for subscribers to receive bill credits.

23 (b) Ensure that all customer classes have opportunities to
24 participate as subscribers to an LDSS facility.

25 (c) Require that subscriptions be offered to low-income
26 households and low-income service organizations.

27 (d) Prohibit an electric provider from removing a customer
28 from the customer's applicable customer class because the customer
29 subscribes to an LDSS facility.

1 (e) Provide for the transferability and portability of
2 subscriptions, including a subscriber's retention of a subscription
3 to an LDSS facility if the subscriber moves within the same
4 electric provider's service territory.

5 (f) Provide for consumer protection in compliance with
6 existing laws.

7 (g) Allow an electric provider to recover costs of
8 administering bill credits.

9 (h) Modify existing interconnection standards, fees, and
10 processes as needed to do both of the following:

11 (i) Facilitate the efficient and cost-effective interconnection
12 of LDSS facilities.

13 (ii) Allow an electric provider to recover reasonable
14 interconnection costs for each LDSS facility.

15 (i) Require that electric providers efficiently connect LDSS
16 facilities to the electrical distribution grid and not discriminate
17 against LDSS facilities.

18 (j) Require electric providers to offer consolidated billing
19 to subscribers of LDSS projects billing that consolidates on the
20 same billing statement the subscriber's normal electric utility
21 charges and the credits or charges for the subscription.

22 (k) Ensure that prospective subscriber organizations have
23 received interconnection agreements, have legal control of their
24 sites, and have received all necessary nonministerial permits
25 before applying for the program under this part.

26 (l) Otherwise implement this part.

27 (m) Ensure that not more than 20% of all electricity generated
28 in this state by sources connected to the electric grid is solar
29 energy.

1 (2) By 1 year after the effective date of the amendatory act
2 that added this section, the commission shall establish applicable
3 bill credit rates that meet both of the following requirements:

4 (a) Result in access to subscriptions for all customer
5 classes.

6 (b) Equal the electric provider's full retail rate on a per-
7 customer-class basis.

8 (3) In addition to the bill credit rates established under
9 subsection (2), the commission shall establish an additional
10 financial incentive for LDSS facilities that incorporate
11 agrivoltaic practices.

12 Sec. 247. A subscriber organization is not considered to be an
13 electric provider as a result of its ownership or operation of an
14 LDSS facility.

15 Sec. 249. (1) An LDSS facility shall comply with an applicable
16 local zoning ordinance.

17 (2) Prevailing wage or other labor requirements shall not
18 apply to LDSS facilities unless otherwise required by law.

19 (3) An LDSS facility shall not be located on a site where
20 clear-cutting of densely forested public land has occurred for the
21 purpose of solar development.

22 Sec. 251. (1) A third-party developer shall not develop, own,
23 or operate an LDSS facility unless the developer owns and operates
24 at least 25 megawatts of solar generation capacity in other states.

25 (2) A third-party developer shall ensure that subscriptions
26 provide a minimum bill savings of 10% to the customer, based on the
27 applicable retail rate.

28 (3) A third-party developer shall allow a customer to
29 terminate the customer's subscription at any time without a

1 financial penalty.

2 (4) An electric provider shall cooperate with third-party LDSS
3 developers to identify suitable interconnection opportunities for
4 community energy projects.

5 (5) An electric provider shall support the efforts of third-
6 party LDSS developers to acquire customers for participation in
7 LDSS projects.