

# SENATE BILL NO. 653

October 30, 2025, Introduced by Senator ALBERT and referred to Committee on Government Operations.

A bill to amend 2002 PA 593, entitled  
"Michigan next energy authority act,"  
by amending section 2 (MCL 207.822), as amended by 2006 PA 632.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

2       (a) "Advanced battery cell" means a rechargeable battery cell  
3 with a specific energy of not less than 80 watt hours per kilogram.

4       (b) "Alternative energy marine propulsion system" means an  
5 onboard propulsion system or detachable outboard propulsion system  
6 for a watercraft that is powered by an alternative energy system

1 and that is the singular propulsion system for the watercraft.  
2 Alternative energy marine propulsion system does not include  
3 battery powered motors designed to assist in the propulsion of the  
4 watercraft during fishing or other recreational use.

5 (c) "Alternative energy system" means the small-scale  
6 generation or release of energy from 1 or any combination of the  
7 following types of energy systems:

- 8 (i) A fuel cell energy system.
- 9 (ii) A photovoltaic energy system.
- 10 (iii) A solar-thermal energy system.
- 11 (iv) A wind energy system.
- 12 (v) A CHP energy system.
- 13 (vi) A microturbine energy system.
- 14 (vii) A miniturbine energy system.
- 15 (viii) A Stirling cycle energy system.
- 16 (ix) A battery cell energy system.
- 17 (x) A clean fuel energy system.
- 18 (xi) An electricity storage system.
- 19 (xii) A biomass energy system.
- 20 (xiii) A thermoelectric energy system.

21 (d) "Alternative energy technology" means equipment, component  
22 parts, materials, electronic devices, testing equipment, and  
23 related systems that are specifically designed, specifically  
24 fabricated, and used primarily for 1 or more of the following:

- 25 (i) The storage, generation, reformation, or distribution of  
26 clean fuels integrated within an alternative energy system or  
27 alternative energy vehicle, not including an anaerobic digester  
28 energy system or a hydroelectric energy system, for use within the

1 alternative energy system or alternative energy vehicle.

2 (ii) The process of generating and putting into a usable form  
3 the energy generated by an alternative energy system. Alternative  
4 energy technology does not include those component parts of an  
5 alternative energy system that are required regardless of the  
6 energy source.

7 (iii) A microgrid. As used in this subparagraph, "microgrid"  
8 means the lines, wires, fuel lines and fuel reformers, and controls  
9 to connect 2 or more alternative energy systems.

10 (iv) Research and development of an alternative energy vehicle.

11 (v) Research, development, and manufacturing of an alternative  
12 energy system.

13 (vi) Research, development, and manufacturing of an anaerobic  
14 digester energy system.

15 (vii) Research, development, and manufacturing of a  
16 hydroelectric energy system.

17 (e) "Alternative energy technology business" means a business  
18 engaged solely in the research, development, or manufacturing of  
19 alternative energy technology.

20 (f) "Alternative energy vehicle" means a motor vehicle  
21 manufactured by an original equipment manufacturer that fully  
22 warrants and certifies that the motor vehicle meets federal motor  
23 vehicle safety standards for its class of vehicles as defined by  
24 the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and  
25 certifies that the motor vehicle meets local emissions standards,  
26 that is propelled by an alternative energy system. Alternative  
27 energy vehicle includes the following:

28 (i) An alternative fueled vehicle. As used in this  
29 subparagraph, "alternative fueled vehicle" means a motor vehicle

1 that can only be powered by a clean fuel energy system and can only  
2 be fueled by a clean fuel.

3 (ii) A fuel cell vehicle. As used in this subparagraph, "fuel  
4 cell vehicle" means a motor vehicle powered solely by a fuel cell  
5 energy system.

6 (iii) An electric vehicle. As used in this subparagraph,  
7 "electric vehicle" means a motor vehicle powered solely by a  
8 battery cell energy system.

9 (iv) A hybrid vehicle. As used in this subparagraph, "hybrid  
10 vehicle" means a motor vehicle that can only be powered by an  
11 internal combustion engine and 1 or more alternative energy  
12 systems.

13 (v) A solar vehicle. As used in this subparagraph, "solar  
14 vehicle" means a motor vehicle powered solely by a photovoltaic  
15 energy system.

16 (vi) A hybrid electric vehicle. As used in this subparagraph,  
17 "hybrid electric vehicle" means a motor vehicle powered by an  
18 integrated propulsion system consisting of an electric motor and  
19 combustion engine. Hybrid electric vehicle does not include a  
20 retrofitted conventional diesel or gasoline engine. A hybrid  
21 electric vehicle obtains the power necessary to propel the motor  
22 vehicle from a combustion engine and 1 of the following:

23 (A) A battery cell energy system.

24 (B) A fuel cell energy system.

25 (C) A photovoltaic energy system.

26 (vii) A hydraulic hybrid vehicle. As used in this subparagraph,  
27 "hydraulic hybrid vehicle" means a motor vehicle powered by a  
28 regenerative hydraulic drive system or powered by an internal  
29 combustion engine assisted by a regenerative hydraulic drive

1 system.

2 (g) "Alternative energy zone" means a renaissance zone  
3 designated as an alternative energy zone ~~by the board of the~~  
4 ~~Michigan strategic fund~~ under section 8a of the Michigan  
5 renaissance zone act, 1996 PA 376, MCL 125.2688a.

6 (h) "Anaerobic digester energy system" means a device or  
7 system of devices for optimizing the anaerobic digestion of biomass  
8 for the purpose of recovering biofuel for energy production.

9 (i) "Authority" means **1 of the following, as applicable:**

10 **(i) Before August 26, 2012,** the Michigan next energy authority  
11 created under section 3.

12 **(ii) Beginning on August 26, 2012 until the effective date of**  
13 **the economic development fair competition and free enterprise act,**  
14 **the board of the Michigan strategic fund created under section 5 of**  
15 **former 1984 PA 270, in accordance with Executive Reorganization**  
16 **Order No. 2012-4, MCL 125.1994.**

17 **(iii) Beginning on the effective date of the economic**  
18 **development fair competition and free enterprise act, the bureau of**  
19 **fair competition and free enterprise created in section 7 of the**  
20 **economic development fair competition and free enterprise act.**

21 (j) "Battery cell" means a closed electrochemical system that  
22 converts chemical energy from oxidation and reduction reactions  
23 directly into electric energy without combustion and without  
24 external fuel and consists of an anode, a cathode, and an  
25 electrolyte.

26 (k) "Battery cell energy system" means 1 or more battery cells  
27 and an inverter or other power conditioning unit used to perform 1  
28 or more of the following functions:

29 (i) Propel a motor vehicle or an alternative energy marine

1 propulsion system.

2 (ii) Provide electricity that is distributed within a dwelling  
3 or other structure.

4 (iii) Provide electricity to operate a portable electronic  
5 device including, but not limited to, a laptop computer, a personal  
6 digital assistant, or a cell phone. For purposes of this  
7 subparagraph only, a battery cell energy system ~~shall only~~ **must** use  
8 **only** advanced battery cells.

9 (l) "Biomass energy system" means a system that generates  
10 energy from a process using residues from wood and paper products  
11 industries, food production and processing, trees and grasses grown  
12 specifically to be used as energy crops, and gaseous fuels produced  
13 from solid biomass, animal waste, municipal wastes, or landfills.

14 (m) "Board" means **1 of the following, as applicable:**

15 (i) **Before August 26, 2012,** the governing body of ~~an~~ **the**  
16 authority under section 4.

17 (ii) **Beginning on August 26, 2012 until the effective date of**  
18 **the economic development fair competition and free enterprise act,**  
19 **the board of the Michigan strategic fund created under section 5 of**  
20 **former 1984 PA 270, in accordance with Executive Reorganization**  
21 **Order No. 2012-4, MCL 125.1994.**

22 (iii) **Beginning on the effective date of the economic**  
23 **development fair competition and free enterprise act, the bureau of**  
24 **fair competition and free enterprise created in section 7 of the**  
25 **economic development fair competition and free enterprise act.**

26 (n) "CHP energy system" means an integrated unit that  
27 generates power and either cools, heats, or controls humidity in a  
28 building or provides heating, drying, or chilling for an industrial  
29 process that includes and is limited to both of the following:

(i) An absorption chiller, a desiccant dehumidifier, or heat recovery equipment.

(ii) One of the following:

(A) An internal combustion engine, an external combustion engine, a microturbine, or a miniturbine, fueled solely by a clean fuel.

(B) A fuel cell energy system.

(o) "Clean fuel" means 1 or more of the following:

(i) Methane.

(ii) Natural gas.

(iii) Methanol neat or methanol blends containing at least 85% methanol.

(iv) Denatured ethanol neat or ethanol blends containing at least 85% ethanol.

(v) Compressed natural gas.

(vi) Liquefied natural gas.

(vii) Liquefied petroleum gas.

(viii) Hydrogen.

(ix) Renewable fuels.

(p) "Clean fuel energy system" means a device that is designed and used solely for the purpose of generating power from a clean fuel. Clean fuel energy system does not include a conventional gasoline or diesel fuel engine or a retrofitted conventional diesel or gasoline engine.

(q) "Department" means the department of ~~management and budget~~. **labor and economic opportunity.**

(r) "Electricity storage device" means a device, including a capacitor, that directly stores electrical energy without conversion to an intermediary medium.

(s) "Electricity storage system" means 1 or more electricity storage devices and inverters or other power conditioning equipment.

(t) "Fuel cell energy system" means 1 or more fuel cells or fuel cell stacks and an inverter or other power conditioning unit. A fuel cell energy system may also include a fuel processor. As used in this subdivision:

(i) "Fuel cell" means an electrochemical device that uses an external fuel and continuously converts the energy released from the oxidation of fuel by oxygen directly into electricity without combustion and consists of an anode, a cathode, and an electrolyte.

(ii) "Fuel cell stack" means an assembly of fuel cells.

(iii) "Fuel processor" means a device that converts a fuel, including, but not limited to, methanol, natural gas, or gasoline, into a hydrogen rich gas, without combustion for use in a fuel cell.

(u) "Hydroelectric energy system" means a system related to the process of generating or putting into usable form the energy produced solely from flowing or falling water. The system may consist of a turbine, generator, alternator, electronic devices, or other directly related component parts.

(v) "Microturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 250 kilowatts. A microturbine energy system may include an alternator and shall include a recuperator if the use of the recuperator increases the efficiency of the energy system.

(w) "Miniturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and



1 generator, fueled solely by a clean fuel with a capacity of not  
2 more than 2 megawatts. A miniturbine energy system may also include  
3 an alternator and a recuperator.

4 (x) "Person" means an individual, partnership, corporation,  
5 limited liability company, association, governmental entity, or  
6 other legal entity.

7 (y) "Photovoltaic energy system" means a solar energy device  
8 composed of 1 or more photovoltaic cells or photovoltaic modules  
9 and an inverter or other power conditioning unit. A photovoltaic  
10 system may also include batteries for power storage or an  
11 electricity storage device. As used in this subdivision:

12 (i) "Photovoltaic cell" means an integrated device consisting  
13 of layers of semiconductor materials and electrical contacts  
14 capable of converting incident light directly into electricity.

15 (ii) "Photovoltaic module" means an assembly of photovoltaic  
16 cells.

17 (z) "Regenerative hydraulic drive system" means a system that  
18 captures energy from nonparasitic vehicle sources or energy wasted  
19 by a vehicle's brakes or suspension to be released to directly  
20 assist vehicle propulsion or directly propel the vehicle.

21 (aa) "Renewable fuels" means 1 or more of the following:

22 (i) Biodiesel or biodiesel blends containing at least 20%  
23 biodiesel. As used in this subparagraph, "biodiesel" means a diesel  
24 fuel substitute consisting of methyl or ethyl esters produced from  
25 the transesterification of animal or vegetable fats with methanol  
26 or ethanol.

27 (ii) Biomass. As used in this subparagraph, "biomass" means  
28 wood and paper products industries, food production and processing,  
29 trees and grasses grown specifically to be used as energy crops,

1 and gaseous fuels produced from solid biomass, animal waste,  
2 municipal wastes, or landfills.

3 (bb) "Small-scale" means 1 or more of the following:

4 (i) A single energy system with a generating capacity of not  
5 more than 2 megawatts or an integrated energy system with a  
6 generating capacity of not more than 10 megawatts.

7 (ii) A single energy system or an integrated energy system with  
8 any generating capacity that is 1 or more of the following:

9 (A) A fuel cell energy system.

10 (B) A photovoltaic energy system.

11 (C) A wind energy system.

12 (cc) "Solar thermal energy system" means an integrated unit  
13 consisting of a sunlight collection device, a system containing a  
14 heat transfer fluid to receive the collected sunlight, and heat  
15 exchangers to transfer the solar energy to a thermal storage tank  
16 to heat or cool spaces or fluids or to generate electricity.

17 (dd) "Stirling cycle energy system" means a closed-cycle,  
18 regenerative heat engine that is fueled solely by a clean fuel and  
19 uses an external combustion process, heat exchangers, pistons, a  
20 regenerator, and a confined working gas, such as hydrogen or  
21 helium, to convert heat into mechanical energy. A Stirling cycle  
22 energy system may also include a generator to generate electricity.

23 (ee) "Thermoelectric energy system" means a system that  
24 generates energy by converting thermal energy into electrical  
25 energy using direct heat from a clean fuel energy system or waste  
26 heat from any source. A thermoelectric energy system also includes  
27 an energy system that utilizes alkali metal thermal-to-electric  
28 conversion technology.

29 (ff) "Wind energy system" means an integrated unit consisting

1 of a wind turbine composed of a rotor, an electrical generator, a  
2 control system, an inverter or other power conditioning unit, and a  
3 tower, which uses moving air to produce power.

4 Enacting section 1. This amendatory act does not take effect  
5 unless Senate Bill No. 631 of the 103rd Legislature is enacted into  
6 law.