



House Office Building, 9 South  
Lansing, Michigan 48909  
Phone: 517/373-6466

## ALLOW NET METERING FOR ELECTRIC UTILITY CUSTOMERS

**House Bill 5104**

**Sponsor: Rep. Chris Kolb**

**Committee: Energy and Technology**

**Complete to 11-1-01**

### **A SUMMARY OF HOUSE BILL 5104 AS INTRODUCED 10-2-01**

Public Act 3 of 1939 established the Michigan Public Service Commission (PSC) and provided for its powers and duties. House Bill 5104 would amend the act (MCL 460.10dd) by adding a requirement that the PSC establish a “net metering” program. (“Net metering” allows a customer with an electricity generator to interconnect with electricity distribution facilities, feed surplus power back into the grid during periods where the customer’s production exceeds consumption, and pay the electric supplier only for the net amount of electricity used over a set period of time.) The bill would include specifications regarding allowable meters, allowable electric supplier rates and charges, a customer-generator’s ability to carry forward credit for electricity generated in excess of the customer’s consumption, and protection of utility workers.

More specifically, the PSC would have to establish a statewide net metering program, applying to all electric suppliers, by July 1, 2002. Customers of any class would be eligible to interconnect small electric generators—having a maximum size of 20 kilowatts or 1.25 times their peak load, whichever is greater—with their local electric distribution company and operate their generators in parallel with the distribution system. Electric meters would be used to determine the net amount of the customer’s use of electricity in each billing period. The program could “set a statewide limit of one percent of utility peak load” and would have to be designed for a period of not less than ten years.

The program would have to include four components. First, it would have to allow a retail electric customer to interconnect and employ a net metering system using either a kilowatt-hour meter capable of registering the flow of electricity in two directions, or another type of comparably equipped meter that would be applicable to the customer’s net metering usage. Any system greater than 20kw could be required to employ metering equipment that measured the time of day electricity was flowing to or from the facility. Second, an electrical supplier would charge customer-generator rates and charges identical to those that would be charged other retail customers in the same rate class and could not charge a customer-generator any additional standby, capacity, interconnection, or other rate or charge. Third, if the quantity of electricity generated by a customer-generator during a billing period exceeded the quantity of electricity supplied by the electric company during the billing period, the customer-generator would be credited for the excess kilowatt-hours generated during the billing period. The credit would appear on the bill for the following billing period, and a customer could carry forward credit for a maximum of twelve months. At the end of that period, the value of any excess electricity generated would be credited by the utility to an account established for the benefit of low-income residential customers. Fourth, the PSC would have to establish minimum interconnection requirements designed to protect utility workers. A distributor could, at its own expense, and

House Bill 5104 (11-1-01)

upon reasonable written notice to a customer-generator, perform such testing and inspection of a net metering system as was necessary to demonstrate to the satisfaction of the electric company that the system conformed to applicable electric safety, power quality, and interconnection requirements.

Analyst: J. Caver

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.