

HOUSE BILL No. 6474

November 7, 2002, Introduced by Rep. Kolb and referred to the Committee on Energy and Technology.

A bill to require certain providers of electric service to comply with a portfolio standard for renewable energy; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Biomass" means any organic matter that is available on
3 a renewable basis, including, but not limited to, all of the
4 following:

5 (i) Agricultural crops and agricultural wastes and
6 residues.

7 (ii) Wood and wood wastes and residues.

8 (iii) Animal wastes.

9 (iv) Municipal wastes.

(v) Aquatic plants.

(b) "Commission" means the Michigan public service commission in the department of consumer and industry services.

(c) "Portfolio standard" means a portfolio standard for renewable energy established by the commission under this act.

(d) "Provider" means any person or entity that is in the business of selling electricity to retail customers in this state.

(e) "Renewable energy" means any of the following:

(i) Biomass.

(ii) Geothermal energy.

(iii) Solar thermal energy.

(iv) Wind energy.

(f) "Renewable energy system" means any of the following:

(i) A facility or energy system that uses renewable energy to generate electricity and transmits or distributes the electricity that it generates from renewable energy.

(ii) A solar thermal energy system that reduces the consumption of electricity.

Sec. 2. (1) For each provider, the commission shall establish a portfolio standard for renewable energy. The portfolio standard shall require the provider to generate or acquire electricity from renewable energy systems in the following amounts:

(a) For calendar years 2003 through 2005, not less than 7% of the total amount of electricity sold by the provider to its retail customers in this state during the calendar year.

(b) For calendar years 2006 through 2008, not less than 9% of the total amount of electricity sold by the provider to its retail customers in this state during the calendar year.

(c) For calendar years 2009 through 2011, not less than 13% of the total amount of electricity sold by the provider to its retail customers in this state during the calendar year.

(d) For calendar year 2012 and for each calendar year thereafter, not less than 15% of the total amount of electricity sold by the provider to its retail customers in this state during the calendar year.

(2) In addition to the requirements under subsection (1), the portfolio standard for each provider shall require all of the following:

(a) That of the total amount of electricity that the provider is required to generate or acquire from renewable energy systems during each calendar year, not less than 5% of that amount must be generated or acquired from solar renewable energy systems.

(b) If the provider acquires electricity from a renewable energy system under a renewable energy contract with another party, the contract shall provide both of the following:

(i) That the term of the renewable energy contract shall be not less than 10 years, unless the other party agrees to a renewable energy contract with a shorter term.

(ii) That the terms and conditions of the renewable energy contract are just and reasonable, as determined by the commission.

1 (3) If, for the benefit of 1 or more of its retail customers
2 in this state, the provider has subsidized, in whole or in part,
3 the acquisition or installation of a solar thermal energy system
4 that qualifies as a renewable energy system and that reduces the
5 consumption of electricity, the total reduction in the consump-
6 tion of electricity during each calendar year that results from
7 the solar thermal energy system is considered to be electricity
8 that the provider generated or acquired from a renewable energy
9 system for the purposes of complying with its portfolio
10 standard.

11 (4) The commission may establish a system of renewable
12 energy credits that may be used by a provider to comply with its
13 portfolio standard.

14 (5) If a provider is unable to comply with its portfolio
15 standard through the generation of electricity from its own
16 renewable energy systems or the use of renewable energy credits,
17 the provider shall acquire electricity under 1 or more renewable
18 energy contracts.

19 (6) If the commission determines that there is not or will
20 not be a sufficient supply of electricity made available to a
21 provider under renewable energy contracts with just and reason-
22 able terms and conditions, the commission shall exempt the pro-
23 vider, for that calendar year, from the remaining requirements of
24 its portfolio standard or from any appropriate portion of the
25 standard.

1 (7) The commission shall determine whether the terms and
2 conditions of a renewable energy contract are just and
3 reasonable.

4 (8) As used in this section:

5 (a) "Renewable energy contract" means a contract to acquire
6 electricity from 1 or more renewable energy systems owned, oper-
7 ated, or controlled by third parties.

8 (b) "Terms and conditions" includes the price that a pro-
9 vider of electric service is to pay to acquire electricity under
10 a renewable energy contract.

11 Sec. 3. (1) Each provider of electric service shall submit
12 to the commission an annual report that provides information
13 relating to the actions taken by the provider to comply with its
14 portfolio standard.

15 (2) Each provider shall submit the annual report to the com-
16 mission after the end of each calendar year and within the time
17 prescribed by the commission. The report shall be submitted in a
18 format approved by the commission.

19 (3) Each annual report shall include all of the following
20 information:

21 (a) The amount of electricity that the provider generated or
22 acquired from renewable energy systems during the reporting
23 period and the amount of renewable energy credits that the pro-
24 vider acquired, sold, or traded during the reporting period to
25 comply with its portfolio standard.

26 (b) The capacity of each renewable energy system owned,
27 operated, or controlled by the provider, the total amount of

1 electricity generated by each system during the reporting period
2 and the percentage of that total amount that was generated
3 directly from renewable energy.

4 (c) Whether, during the reporting period, the provider began
5 construction on, acquired, or placed into operation any renewable
6 energy system.

7 (d) Any other information that the commission may require.

8 Sec. 4. (1) If a provider does not comply with its portfo-
9 lio standard for any calendar year and the commission has not
10 exempted the provider from the requirements of its portfolio
11 standard, the commission may impose a fine or take other appro-
12 priate action against the provider.

13 (2) The commission may impose a fine against a provider
14 based on either of the following:

15 (a) Each kilowatt-hour of electricity that the provider does
16 not generate or acquire from a renewable energy system or a solar
17 thermal renewable energy system during a calendar year in viola-
18 tion of its portfolio standard.

19 (b) Any other reasonable formula adopted by the commission.

20 (3) If the commission imposes a fine against a regulated
21 rate provider, then all of the following apply:

22 (a) The fine is not a cost of service of the provider.

23 (b) The provider shall not include any portion of the fine
24 in any application for a rate adjustment or rate increase.

25 (c) The commission shall not allow the provider to recover
26 any portion of the fine from its retail customers.