

# HOUSE BILL No. 4015

January 28, 2003, Introduced by Rep. Stewart and referred to the Committee on Energy and Technology.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,"

(MCL 460.1 to 460.10cc) by adding section 10dd.

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

**Sec. 10dd. (1) As used in this section:**

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1 (a) "Eligible electric generator" means a system for the  
2 generation of electricity that is fueled by a renewable fuel or a  
3 fuel cell, with a generation capacity limited to the customer's  
4 electric need. An eligible generation system shall not to exceed  
5 100 kw.

6 (b) "Renewable fuel" means solar, hydroelectric, wind,  
7 biofuel, or biomass. For the purposes of this subdivision:

8 (i) "Biofuel" means a fuel that is comprised of a minimum of  
9 75%, by volume, of a gas or liquid which is made from biomass.

10 (ii) "Biomass" means dedicated crops grown for energy  
11 production and organic waste.

12 (2) The commission shall establish a statewide net metering  
13 program not later than July 1, 2003. The program shall apply to  
14 all electric utilities and alternative electric suppliers in this  
15 state. Except as otherwise provided under this section,  
16 customers of any class are eligible to interconnect eligible  
17 electric generators with the customer's local electric utility  
18 and operate the generators in parallel with the distribution  
19 system. The program shall be designed for a period of not less  
20 than 10 years and limit each customer to generation capacity  
21 designed to meet only the customer's electric needs.

22 (3) An electric utility or alternative electric supplier is  
23 not required to allow for net metering that is greater than 0.5%  
24 of their in-state peak load for the preceding calendar year. The  
25 utility or supplier shall notify the commission if its net  
26 metering program exceeds the 0.5% requirement under this  
27 subsection. Selection of customers for participation in the net

1 metering program shall be based on the order in which the  
2 applications for participation in the net metering program are  
3 received by the electric utility or alternate electric supplier.

4 (4) An electric utility or alternative electric supplier  
5 shall not refuse to provide or discontinue electric service to a  
6 customer solely for the reason that the customer participates in  
7 the net metering program.

8 (5) The program created under subsection (2) shall include  
9 all of the following:

10 (a) Statewide uniform interconnection requirements for all  
11 eligible electric generators. The interconnection requirements  
12 shall be designed to protect electric utility workers and  
13 equipment and the general public.

14 (b) The minimum qualifications and a certification process  
15 for individuals responsible for the installation of eligible  
16 electric generators. An individual shall not install an eligible  
17 electric generator unless he or she is certified by the  
18 commission as a qualified installer.

19 (c) A uniform application form and process to be used by all  
20 electric utilities and alternative electric suppliers in this  
21 state. Customers who are served by an alternative electric  
22 supplier shall submit a copy of the application to the electric  
23 utility for the customer's service area.

24 (6) Each electric utility and alternative electric supplier  
25 shall maintain records of all applications and up-to-date records  
26 of all eligible electric generators located within their service  
27 area.

1 (7) An electric utility or alternative electric supplier may  
2 charge an application fee not to exceed \$100.00. Except as  
3 otherwise provided under this section, no additional fee or  
4 charge may be imposed. The electric utility or alternative  
5 electric supplier shall charge a customer participating in the  
6 net metering program rates and charges identical to those charged  
7 other similarly situated retail customers and shall not charge  
8 for additional standby, capacity, interconnection, or other  
9 service charge.

10 (8) The interconnection requirements shall provide that an  
11 electric utility or alternative electric supplier may, at its own  
12 expense and upon reasonable written notice to the net metering  
13 customer, perform testing and inspection of an eligible electric  
14 generator as is necessary to determine that the system complies  
15 with all applicable electric safety, power quality, and  
16 interconnection requirements.

17 (9) The interconnection requirements shall require all  
18 eligible electric generators, alternative electric suppliers, and  
19 electric utilities to comply with all applicable federal and  
20 state laws, rules, or regulations and any national standards as  
21 determined by the commission.

22 (10) Electric meters shall be used to determine the amount of  
23 the customer's use in each billing period, net of any excess  
24 energy their generator delivers to the utility distribution  
25 system during that same billing period.

26 (11) An electric utility serving over 1,000,000 customers in  
27 this state may provide its customers participating in the net

1 metering program, at no additional charge, a meter or meters  
2 capable of measuring the flow of energy in both directions.

3 (12) An electric utility serving fewer than 1,000,000  
4 customers in this state shall provide the meter or meters to its  
5 customers at cost. Only the incremental cost above that for  
6 meters provided by the electric utility to similarly situated  
7 nongenerating customers shall be paid by the eligible customer.

8 (13) If the quantity of electricity generated by an eligible  
9 electric generator during a billing period exceeds the quantity  
10 of the customer's usage during the billing period, the eligible  
11 customer shall be credited by their supplier of generation  
12 service for the excess kilowatt-hours generated during the  
13 billing period. The credit shall appear on the bill for the  
14 following billing period and determined by 1 of the following:

15 (a) For systems capable of generating less than 10 kilowatts  
16 or for eligible electric generators using a meter that measures  
17 only the net energy the customer consumes during any billing  
18 period, credit shall be at the same rate the customer pays for  
19 service from the electric utility or alternative electric  
20 supplier.

21 (b) Except as otherwise provided under subdivision (a), for  
22 eligible electric generators using time-of-day meters, credit  
23 shall be applied for each time-of-day period at their electric  
24 utility's average top incremental cost for the billing period of  
25 that time-of-day period.

26 (c) Except as otherwise provided under subdivision (a), for  
27 eligible electric generators using interval meters, credit shall

1 be applied at the electric utility's top incremental cost for  
2 each hour for all kilowatt hours delivered during that hour.

3 (14) The commission may establish a rate for customers  
4 participating in the net metering program which includes a basic  
5 service charge for transmission and distribution to be paid by  
6 the customer each billing period regardless of any excess  
7 generation credits.

8 (15) For customers who purchase generation service from an  
9 alternative electric supplier, the commission may determine that  
10 some portion of the basic service charge required under  
11 subsection (14) be paid to the alternative electric supplier.