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S.B. 385: FLOOR ANALYSIS

Senate Bill 385 (as discharged) Sponsor: Senator Jim Barcia

Committee: Energy Policy and Public Utilities

CONTENT

The bill would create a new act to do the following:

- -- Require the Public Service Commission (PSC) to establish a renewable energy portfolio standard for each electric service provider.
- -- Require renewable energy to constitute a certain percentage of the electricity a provider sold to Michigan retail customers, starting with 7% by 2010 and reaching 20% by 2021.
- -- Require at least 5% of the electricity a provider generated from renewable energy sources to come from a solar renewable energy system, under the portfolio standard.
- -- Authorize the PSC to establish a system of renewable energy credits that a provider could use to comply with its portfolio standard.
- -- Require a provider to meet its portfolio standard under a renewable energy contract, if the provider could not comply with the standard by generating electricity with its own renewable energy system or the use of renewable energy credits.
- -- Require the PSC to exempt a provider from a portion of the portfolio standard for a year, if sufficient electricity would not be available under renewable energy contracts.
- -- Require the PSC to impose on a provider a fine of \$55 per megawatt hour for each renewable energy credit that the provider did not generate or acquire from a renewable energy system during a calendar year in violation of its portfolio standard.
- -- Create a public benefits fund for the promotion and growth of renewable energy generation, and require fine money to be deposited in the fund.

"Renewable energy" would mean biomass; geothermal energy; solar thermal energy; or wind energy. "Biomass" would mean cellulosic organic material from a plant that is planted to produce energy or nonhazardous plant matter waste material that is segregated from other waste materials and is derived from any of the following: an agricultural crop, crop byproduct, or residue resource; gasified animal wastes; landfill methane; or waste such as landscape or right-of-way tree trimmings, excluding the following: municipal solid waste; recyclable postconsumer waste paper; painted, treated, or pressurized wood; construction debris; wood contaminated with plastic or metals; and tires.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the administrative responsibility of the PSC, although any additional costs would be covered through existing revenue. The amount of revenue generated from fines for noncompliance would depend on their frequency and level. This revenue would have to be deposited into a new public benefits fund. Revenue in this fund would not lapse to the General Fund and would be used to promote renewable energy generation.

Date Completed: 12-4-07 Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz