



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 427 (as discharged)
Sponsor: Senator Wayne Kuipers
Committee: Energy Policy and Public Utilities

CONTENT

The bill would amend Public Act 3 of 1939, the Public Service Commission (PSC) law, to do the following:

- Require the PSC to determine an electric utility's requirements for resources to meet the electricity needs of its full-service customers for the next 10 years, if the utility had at least 1.0 million Michigan customers.
- Require the PSC to make specific findings with respect to certain factors in its determination.
- Provide that a regional transmission organization (RTO) would have standing to intervene in the PSC proceeding.
- Require an electric utility to secure any additional resources the PSC determined were necessary.
- Require the PSC to establish or revise the procedures by which the utility would acquire the additional resources; and require the procedures to include a request for proposals (RFP) process, criteria for evaluating the proposals, and standardized contract terms to be entered into by the selected resource supplier and the utility.
- Limit to utilities with fewer than 1.0 million Michigan customers a current requirement for the PSC, in a power supply cost reconciliation, to disallow capacity charges associated with power purchased for periods longer than six months unless a utility has obtained the Commission's prior approval.
- In a power supply cost reconciliation for a utility with at least 1.0 million Michigan customers, require the PSC to disallow capacity charges associated with power purchased for periods longer than six months unless the charges were incurred under a contract for capacity or energy and procured pursuant to an RFP made in accordance with procedures established under the bill.
- Provide that an electric customer, alternative electric supplier, or resource supplier would have standing to intervene in a power supply cost review proceeding and power supply cost reconciliation proceeding.

MCL 460.6j et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the responsibilities of the Commission, and would therefore increase costs. These costs would be offset by the fee structure charged under the existing public utility assessments.

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