

# HOUSE BILL No. 5549

December 6, 2007, Introduced by Reps. Palsrok, Mayes, Nofs and Accavitti and referred to the Committee on Energy and Technology.

A bill to require certain providers of electric service to establish a renewable energy program; and to prescribe the powers and duties of certain state agencies and officials.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this act:

2       (a) "Commission" means the Michigan public service commission.

3       (b) "Portfolio standard" is the minimum percentage of a  
4 provider's total annual retail kilowatt hour electricity sales in  
5 this state that is required to be produced from a renewable energy  
6 resource.

7       (c) "Provider" means any person that is in the business of  
8 selling electricity to retail customers in this state and includes  
9 all of the following:

10       (i) Any person or entity that is regulated by the commission

1 for the purpose of selling electricity to retail customers.

2 (ii) A municipal electric provider.

3 (iii) A cooperative electric provider.

4 (iv) An alternative electric supplier.

5 (v) An independent investor-owned electric utility.

6 (d) "Renewable energy" means electricity produced using a  
7 renewable energy resource.

8 (e) "Renewable energy contract" means a contract to acquire  
9 renewable energy and the associated renewable energy credits from 1  
10 or more renewable energy systems.

11 (f) "Renewable energy credit" means a certified credit under  
12 this act equal to 1 megawatt hour of generated renewable energy.

13 (g) "Renewable energy resource" means any of the following:

14 (i) Biomass.

15 (ii) Geothermal.

16 (iii) Solar thermal.

17 (iv) Photovoltaic cells and panels.

18 (v) Industrial cogeneration where an integrated unit generates  
19 power and either cools, heats, or controls humidity in a building  
20 or provides heating, drying, or chilling for an industrial process  
21 not including electricity generation.

22 (vi) An incinerator brought into service before the effective  
23 date of this act that complies with all federal and state  
24 environmental regulations.

25 (vii) Wind.

26 (viii) Hydroelectric from existing hydroelectric facilities or  
27 new hydroelectric facilities using existing dams unless, after the

1 effective date of this act, those dams are modified to increase  
2 their holding capacity or further restrict water flow or in a  
3 manner that does not fully incorporate the best environmental  
4 practices.

5 (ix) Hydroelectric from pumped storage hydroelectric facilities  
6 to the extent the water was pumped using energy generated from  
7 renewable energy resources.

8 (x) Landfill gas.

9 (h) "Renewable energy resource" does not include the burning  
10 or heating of tires, garbage, landscape waste, construction or  
11 demolition debris, or general household, institutional, commercial,  
12 office, or industrial lunchroom waste.

13 (i) "Renewable energy system" means a facility, electricity  
14 generation system, or integrated set of electricity generation  
15 systems that use renewable energy resources located in this state,  
16 Illinois, Indiana, Minnesota, Ohio, Wisconsin, or the province of  
17 Ontario or Manitoba, Canada.

18 Sec. 7. (1) Ninety days after the effective date of this act,  
19 the commission shall establish for each provider a maximum retail  
20 rate impact for this section of not less than 110% of the cost of  
21 construction, operation and maintenance, and generation of a new  
22 base load power plant over its lifecycle on a kilowatt per hour  
23 basis. Following the initial determination, the commission shall  
24 update the maximum rate impact at least every 2 years. In its  
25 determination under this subsection, the commission shall consider  
26 and make specific findings with respect to each of the following:

27 (a) Capital costs, including lifecycle capital additions.

1 (b) Financing and interest costs.

2 (c) Forecasted inflation.

3 (d) Construction costs.

4 (e) Operation and maintenance costs.

5 (f) Fuel costs, transportation of fuel costs, and fuel  
6 disposal costs.

7 (g) Costs of transmitting, generation, and interconnection.

8 (h) Emission controls.

9 (i) Taxes and penalties on carbon and emissions.

10 (j) Costs of security measures.

11 (k) Other costs the commission considers appropriate.

12 (2) If the commission determines that the retail rate impact  
13 of this section exceeds the maximum retail rate impact, it shall  
14 reduce the required renewable energy credits required for  
15 compliance with the portfolio standard by an amount necessary to  
16 limit the retail rate impact to the maximum retail rate impact.

17 Sec. 9. (1) If a provider is unable to comply with the  
18 portfolio standard through the generation of renewable energy  
19 credits derived from its own renewable energy systems, the provider  
20 shall comply by entering into 1 or more renewable energy contracts.

21 (2) If a provider is unable to comply with the portfolio  
22 standard through the generation of renewable energy credits derived  
23 from its own renewable energy systems or by entering 1 or more  
24 renewable energy contracts, the provider shall purchase renewable  
25 energy credits from a renewable energy system located in this  
26 state.

27 (3) Renewable energy credits used by a provider to comply with

1 its portfolio standard are extinguished upon use. Renewable energy  
2 credits shall automatically expire upon the date 3 years after the  
3 generation of the electricity associated with the renewable energy  
4 credit.

5 Sec. 11. (1) Upon petition by a provider, the commission may  
6 for good cause grant an extension of the 2015 deadline to meet the  
7 portfolio standard under section 5. The extension shall be for 1  
8 year, but subsequent 1-year extensions may be granted for good  
9 cause. If the commission determines that a provider cannot meet the  
10 portfolio standard under section 5 because of a local unit of  
11 government's zoning ordinance, the commission shall grant a  
12 extension to that provider.

13 (2) The petitioner shall provide the commission information  
14 requested by the commission for its deliberations on the petition  
15 under subsection (1). The commission shall consider factors  
16 including economic impact, availability, cost, and consumer impact  
17 in determining whether to grant or deny the petition.

18 (3) If a provider, except for a municipally owned utility,  
19 fails to meet the portfolio standard by the deadline under section  
20 5 or the last extended deadline under subsection (2), whichever is  
21 applicable, both of the following apply:

22 (a) Under section 9, the provider shall obtain sufficient  
23 renewable energy credits to meet the portfolio standard.

24 (b) The provider shall not recover from its ratepayers the  
25 cost of obtaining renewable energy credits under subdivision (a).

26 Enacting section 1. As provided in section 5 of 1846 RS 1, MCL  
27 8.5, this act is severable.

1       Enacting section 2. This act does not take effect unless all  
2 of the following bills of the 94th Legislature are enacted into  
3 law:

4       (a) House Bill No. 5383.

5       (b) House Bill No. 5384.

6       (c) House Bill No. 5520.

7       (d) House Bill No. 5521.

8       (e) House Bill No. 5522.

9       (f) House Bill No. 5523.

10       (g) House Bill No. 5524.

11       (h) Senate Bill No. \_\_\_\_\_ or House Bill No. 5548 (request no.  
12 05570'07).