

SENATE BILL No. 1246

March 27, 2008, Introduced by Senators PATTERSON, RICHARDVILLE, PRUSI, OLSHOVE and BIRKHOLZ and referred to the Committee on Energy Policy and Public Utilities.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public and certain private 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 EXCEED 550
5 KW.

6 (B) "RENEWABLE FUEL" MEANS A RESOURCE THAT NATURALLY
7 REPLENISHES OVER A HUMAN, NOT A GEOLOGICAL, TIME FRAME ULTIMATELY
8 DERIVED FROM SOLAR POWER, SOLAR HOT WATER, OR WIND POWER. A
9 RENEWABLE FUEL COMES FROM THE SUN OR FROM THERMAL INERTIA OF THE
10 GROUND AND MINIMIZES THE OUTPUT OF TOXIC MATERIAL IN THE CONVERSION
11 OF THE ENERGY.

12 (2) THE COMMISSION SHALL ESTABLISH A STATEWIDE NET METERING
13 PROGRAM NOT LATER THAN 180 DAYS AFTER THE EFFECTIVE DATE OF THE
14 AMENDATORY ACT THAT ADDED THIS SECTION. THE PROGRAM SHALL APPLY TO
15 ALL ELECTRIC UTILITIES AND ALTERNATIVE ELECTRIC SUPPLIERS IN THIS
16 STATE. EXCEPT AS OTHERWISE PROVIDED UNDER THIS SECTION, CUSTOMERS
17 OF ANY CLASS ARE ELIGIBLE TO INTERCONNECT ELIGIBLE ELECTRIC
18 GENERATORS WITH THE CUSTOMER'S LOCAL ELECTRIC UTILITY AND OPERATE
19 THE GENERATORS IN PARALLEL WITH THE DISTRIBUTION SYSTEM. THE
20 PROGRAM SHALL BE DESIGNED FOR A PERIOD OF NOT LESS THAN 10 YEARS
21 AND LIMIT EACH CUSTOMER TO GENERATION CAPACITY DESIGNED TO MEET
22 ONLY THE CUSTOMER'S ELECTRIC NEEDS.

23 (3) AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER IS
24 NOT REQUIRED TO ALLOW FOR NET METERING THAT IS GREATER THAN 2% OF
25 THEIR IN-STATE PEAK LOAD FOR THE PRECEDING CALENDAR YEAR. THE
26 UTILITY OR SUPPLIER SHALL NOTIFY THE COMMISSION IF ITS NET METERING
27 PROGRAM EXCEEDS THE 2% REQUIREMENT UNDER THIS SUBSECTION. SELECTION

1 OF CUSTOMERS FOR PARTICIPATION IN THE NET METERING PROGRAM SHALL BE
2 BASED ON THE ORDER IN WHICH THE APPLICATIONS FOR PARTICIPATION IN
3 THE NET METERING PROGRAM ARE RECEIVED BY THE ELECTRIC UTILITY OR
4 ALTERNATE ELECTRIC SUPPLIER.

5 (4) AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER SHALL
6 NOT REFUSE TO PROVIDE OR DISCONTINUE ELECTRIC SERVICE TO A CUSTOMER
7 SOLELY FOR THE REASON THAT THE CUSTOMER PARTICIPATES IN THE NET
8 METERING PROGRAM.

9 (5) THE PROGRAM CREATED UNDER SUBSECTION (2) SHALL INCLUDE ALL
10 OF THE FOLLOWING:

11 (A) STATEWIDE UNIFORM INTERCONNECTION REQUIREMENTS FOR ALL
12 ELIGIBLE ELECTRIC GENERATORS. THE INTERCONNECTION REQUIREMENTS
13 SHALL BE DESIGNED TO PROTECT ELECTRIC UTILITY WORKERS AND EQUIPMENT
14 AND THE GENERAL PUBLIC.

15 (B) NET METERING EQUIPMENT INSTALLATION MUST MEET ALL CURRENT
16 LOCAL AND STATE ELECTRIC AND CONSTRUCTION CODE REQUIREMENTS. ANY
17 EQUIPMENT THAT IS CERTIFIED BY UNDERWRITERS LABORATORIES IS
18 CONSIDERED TO BE ELIGIBLE EQUIPMENT AND INSTALLED IN COMPLIANCE
19 WITH THIS SECTION. ANY EQUIPMENT THAT IS INSPECTED AND APPROVED BY
20 THE APPLICABLE BUILDING INSPECTOR IS CONSIDERED TO BE ELIGIBLE
21 EQUIPMENT AND INSTALLED IN COMPLIANCE WITH THIS SECTION.

22 (C) THE MINIMUM QUALIFICATIONS AND A CERTIFICATION PROCESS FOR
23 INDIVIDUALS RESPONSIBLE FOR THE INSTALLATION OF ELIGIBLE ELECTRIC
24 GENERATORS. AN INDIVIDUAL SHALL NOT INSTALL AN ELIGIBLE ELECTRIC
25 GENERATOR UNLESS HE OR SHE IS CERTIFIED BY THE COMMISSION AS A
26 QUALIFIED INSTALLER.

27 (D) A UNIFORM APPLICATION FORM AND PROCESS TO BE USED BY ALL

1 ELECTRIC UTILITIES AND ALTERNATIVE ELECTRIC SUPPLIERS IN THIS
2 STATE. CUSTOMERS WHO ARE SERVED BY AN ALTERNATIVE ELECTRIC SUPPLIER
3 SHALL SUBMIT A COPY OF THE APPLICATION TO THE ELECTRIC UTILITY FOR
4 THE CUSTOMER'S SERVICE AREA.

5 (6) EACH ELECTRIC UTILITY AND ALTERNATIVE ELECTRIC SUPPLIER
6 SHALL MAINTAIN RECORDS OF ALL APPLICATIONS AND UP-TO-DATE RECORDS
7 OF ALL ELIGIBLE ELECTRIC GENERATORS LOCATED WITHIN THEIR SERVICE
8 AREA.

9 (7) AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER MAY
10 CHARGE AN APPLICATION FEE NOT TO EXCEED \$100.00. EXCEPT AS
11 OTHERWISE PROVIDED UNDER THIS SECTION, NO ADDITIONAL FEE OR CHARGE
12 MAY BE IMPOSED. THE ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC
13 SUPPLIER SHALL CHARGE A CUSTOMER PARTICIPATING IN THE NET METERING
14 PROGRAM RATES AND CHARGES IDENTICAL TO THOSE CHARGED OTHER
15 SIMILARLY SITUATED RETAIL CUSTOMERS AND SHALL NOT CHARGE FOR
16 ADDITIONAL STANDBY, CAPACITY, INTERCONNECTION, OR OTHER SERVICE
17 CHARGE. THE COMMISSION SHALL ESTABLISH A COST FOR EACH ELECTRIC
18 UTILITY AND ALTERNATIVE ELECTRIC SUPPLIER TO OPERATE A NET METERING
19 PROGRAM. THE COSTS OF MEETING ALL PROGRAM REQUIREMENTS SHALL BE
20 RECOVERED THROUGH THE POWER SUPPLY COST RECOVERY MECHANISM UNDER
21 SECTIONS 6J AND 6K. THESE COSTS SHALL INCLUDE ALL COSTS ASSOCIATED
22 WITH NET METERING FOR A CUSTOMER EXCEPT THOSE COSTS OUTLINED IN
23 SUBSECTION (6).

24 (8) THE INTERCONNECTION REQUIREMENTS SHALL PROVIDE THAT AN
25 ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER MAY, AT ITS OWN
26 EXPENSE AND UPON REASONABLE WRITTEN NOTICE TO THE NET METERING
27 CUSTOMER, PERFORM TESTING AND INSPECTION OF AN ELIGIBLE ELECTRIC

1 GENERATOR AS IS NECESSARY TO DETERMINE THAT THE SYSTEM COMPLIES
2 WITH ALL APPLICABLE ELECTRIC SAFETY, POWER QUALITY, AND
3 INTERCONNECTION REQUIREMENTS.

4 (9) THE INTERCONNECTION REQUIREMENTS SHALL REQUIRE ALL
5 ELIGIBLE ELECTRIC GENERATORS, ALTERNATIVE ELECTRIC SUPPLIERS, AND
6 ELECTRIC UTILITIES TO COMPLY WITH ALL APPLICABLE FEDERAL AND STATE
7 LAWS, RULES, OR REGULATIONS AND ANY NATIONAL STANDARDS AS
8 DETERMINED BY THE COMMISSION.

9 (10) ELECTRIC METERS SHALL BE USED TO DETERMINE THE AMOUNT OF
10 THE CUSTOMER'S USE IN EACH BILLING PERIOD, NET OF ANY EXCESS ENERGY
11 THEIR GENERATOR DELIVERS TO THE UTILITY DISTRIBUTION SYSTEM DURING
12 THAT SAME BILLING PERIOD.

13 (11) AN ELECTRIC UTILITY SERVING OVER 1,000,000 CUSTOMERS IN
14 THIS STATE MAY PROVIDE ITS CUSTOMERS PARTICIPATING IN THE NET
15 METERING PROGRAM, AT NO ADDITIONAL CHARGE, A METER OR METERS
16 CAPABLE OF MEASURING THE FLOW OF ENERGY IN BOTH DIRECTIONS.

17 (12) AN ELECTRIC UTILITY SERVING FEWER THAN 1,000,000
18 CUSTOMERS IN THIS STATE SHALL PROVIDE THE METER OR METERS TO ITS
19 CUSTOMERS AT COST. ONLY THE INCREMENTAL COST ABOVE THAT FOR METERS
20 PROVIDED BY THE ELECTRIC UTILITY TO SIMILARLY SITUATED
21 NONGENERATING CUSTOMERS SHALL BE PAID BY THE ELIGIBLE CUSTOMER.

22 (13) IF THE QUANTITY OF ELECTRICITY GENERATED BY AN ELIGIBLE
23 ELECTRIC GENERATOR DURING A BILLING PERIOD EXCEEDS THE QUANTITY OF
24 THE CUSTOMER'S USAGE DURING THE BILLING PERIOD, THE ELIGIBLE
25 CUSTOMER SHALL BE CREDITED BY THEIR SUPPLIER OF GENERATION SERVICE
26 FOR THE EXCESS KILOWATT-HOURS GENERATED DURING THE BILLING PERIOD.
27 THE CREDIT SHALL APPEAR ON THE BILL FOR THE FOLLOWING BILLING

1 PERIOD AND DETERMINED BY 1 OF THE FOLLOWING:

2 (A) FOR SYSTEMS CAPABLE OF GENERATING LESS THAN 10 KILOWATTS
3 OR FOR ELIGIBLE ELECTRIC GENERATORS USING A SINGLE BIDIRECTIONAL
4 METER THAT MEASURES ONLY THE NET ENERGY THE CUSTOMER CONSUMES
5 DURING ANY BILLING PERIOD, CREDIT SHALL BE AT THE SAME RATE THE
6 CUSTOMER PAYS FOR SERVICE FROM THE ELECTRIC UTILITY OR ALTERNATIVE
7 ELECTRIC SUPPLIER.

8 (B) EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (A), FOR
9 ELIGIBLE ELECTRIC GENERATORS USING TIME-OF-DAY METERS, CREDIT SHALL
10 BE APPLIED FOR EACH TIME-OF-DAY PERIOD AT THEIR ELECTRIC UTILITY'S
11 AVERAGE TOP INCREMENTAL COST FOR THE BILLING PERIOD OF THAT TIME-
12 OF-DAY PERIOD.

13 (C) EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (A), FOR
14 ELIGIBLE ELECTRIC GENERATORS USING INTERVAL METERS, CREDIT SHALL BE
15 APPLIED AT THE ELECTRIC UTILITY'S TOP INCREMENTAL COST FOR EACH
16 HOUR FOR ALL KILOWATT HOURS DELIVERED DURING THAT HOUR.