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BILL ANALYSIS

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Senate Bill 1019 (as introduced 12-10-09)
Sponsor: Senator Mike Prusi
Committee: Energy Policy and Public Utilities

Date Completed: 3-11-10

CONTENT

The bill would amend the Clean, Renewable, and Efficient Energy Act to allow a municipally owned electric utility to comply with specific customer billing and reporting requirements by including certain information for a year in customers' bills.

Under the Act, each electric provider must submit to the Public Service Commission (PSC) an annual report that provides information relating to the actions the provider has taken to comply with prescribed renewable energy standards. Concurrently, a municipally owned electric utility must submit a copy of the report to its governing body. In addition, a municipally owned electric utility must submit a summary of the report to its governing body, and to customers in their bills with a bill insert.

The bill provides that if, together with the summary, a municipally owned electric utility submitted to its residential customers the information required under Section 45(5) for the year covered by the summary, the utility would be considered to be in compliance with the itemized billing requirements of Section 45(2) and the reporting requirements of Section 45(5) for that year.

Under Section 45(5), in its billing statements for a residential customer, each provider must report all of the following in a format consistent with other information on the customer bill:

- An itemized monthly charge collected from the customer for implementing the Act's renewable energy program requirements, and, in the first bill issued after the close of the previous year, notification that the customer may be entitled to an income tax credit to offset some of the annual amounts collected for the program.
- An itemized monthly charge collected from the customer for implementing the Act's energy optimization program requirements.
- Estimated monthly savings for the customer to reflect the reductions in the monthly energy bill produced by the energy optimization program.
- Estimated monthly savings for the customer to reflect the long-term, life-cycle, levelized costs of building and operating new conventional coal-fired electric generating power plants avoided under the Act as determined by the PSC.
- The website address at which the PSC's annual report summarizing data from electric provider reports, discussing the status of renewable energy and advanced cleaner energy in Michigan, and evaluating the economic impact of the Act is posted.

Under Section 45(2), an electric provider must recover the incremental cost of compliance with the Act's renewable energy standards by an itemized charge on the customer's bill for billing periods beginning within 90 days after the PSC approves the provider's renewable energy plan or determines that the plan complies with the Act. A provider may not comply with the renewable energy standards to the extent that recovery of the incremental cost of compliance will have a retail rate impact that exceeds \$3 per month per residential customer meter, \$16.58 per month per commercial secondary customer meter, and \$187.50 per month per commercial primary or industrial customer meter.

MCL 460.1051

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no fiscal impact on State government.

The bill would reduce the costs of municipally owned electric utilities by an unknown amount by permitting annual reporting of costs associated with implementation of renewable energy standards, instead of the monthly reporting on billing statements required under current law.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.