

HOUSE BILL No. 4652

March 19, 2009, Introduced by Rep. Opsommer and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled "Clean, renewable, and efficient energy act," by amending the heading of part 5, the title, and sections 3, 5, 7, 13, 173, 175, 177, and 179 (MCL 460.1003, 460.1005, 460.1007, 460.1013, 460.1173, 460.1175, 460.1177, and 460.1179) and by adding section 173b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to require certain providers of electric service to establish renewable energy programs; to require certain providers of electric or natural gas service to establish energy optimization programs; to authorize the use of certain energy systems to meet the requirements of those programs; to provide for the approval of energy optimization service companies; to provide for certain

1 charges on electric and natural gas bills; to promote energy
2 conservation by state agencies and the public; to create a wind
3 energy resource zone board and provide for its power and duties; to
4 authorize the creation and implementation of wind energy resource
5 zones; to provide for expedited transmission line siting
6 certificates; to provide for a net metering program **AND AN EXPANDED**
7 **CAPACITY METERING PROGRAM** and the responsibilities of certain
8 providers of electric service and customers with respect to ~~net~~
9 ~~metering~~ **THOSE PROGRAMS**; to provide for fees; to prescribe the
10 powers and duties of certain state agencies and officials; to
11 require the promulgation of rules and the issuance of orders; and
12 to provide for civil sanctions, remedies, and penalties.

13 Sec. 3. As used in this act:

14 (a) "Advanced cleaner energy" means electricity generated
15 using an advanced cleaner energy system.

16 (b) "Advanced cleaner energy credit" means a credit certified
17 under section 43 that represents generated advanced cleaner energy.

18 (c) "Advanced cleaner energy system" means any of the
19 following:

20 (i) A gasification facility.

21 (ii) An industrial cogeneration facility.

22 (iii) A coal-fired electric generating facility if 85% or more
23 of the carbon dioxide emissions are captured and permanently
24 geologically sequestered.

25 (iv) An electric generating facility or system that uses
26 technologies not in commercial operation on ~~the effective date of~~
27 ~~this act~~ **OCTOBER 6, 2008**.

1 (d) "Affiliated transmission company" means that term as
2 defined in **SECTION 2 OF** the electric transmission line
3 certification act, 1995 PA 30, MCL 460.562.

4 (e) "Applicable regional transmission organization" means a
5 nonprofit, member-based organization governed by an independent
6 board of directors that serves as the federal energy regulatory
7 ~~commission approved~~ **COMMISSION APPROVED** regional transmission
8 organization with oversight responsibility for the region that
9 includes the provider's service territory.

10 (f) "Biomass" means any organic matter that is not derived
11 from fossil fuels, that can be converted to usable fuel for the
12 production of energy, and that replenishes over a human, not a
13 geological, time frame, including, but not limited to, all of the
14 following:

15 (i) Agricultural crops and crop wastes.

16 (ii) Short-rotation energy crops.

17 (iii) Herbaceous plants.

18 (iv) Trees and wood, but only if derived from sustainably
19 managed forests or procurement systems, as defined in section 261c
20 of the management and budget act, 1984 PA 431, MCL 18.1261c.

21 (v) Paper and pulp products.

22 (vi) Precommercial wood thinning waste, brush, or yard waste.

23 (vii) Wood wastes and residues from the processing of wood
24 products or paper.

25 (viii) Animal wastes.

26 (ix) Wastewater sludge or sewage.

27 (x) Aquatic plants.

1 (xi) Food production and processing waste.

2 (xii) Organic by-products from the production of biofuels.

3 (g) "Board" means the wind energy resource zone board created
4 under section 143.

5 (h) "Carbon dioxide emissions benefits" means that the carbon
6 dioxide emissions per megawatt hour of electricity generated by the
7 advanced cleaner energy system are at least 85% less or, for an
8 integrated gasification combined cycle facility, 70% less than the
9 average carbon dioxide emissions per megawatt hour of electricity
10 generated from all coal-fired electric generating facilities
11 operating in this state on January 1, 2008.

12 (i) "Commission" means the Michigan public service commission.

13 (j) "Customer meter" means an electric meter of a provider's
14 retail customer. Customer meter does not include a municipal water
15 pumping meter or additional meters at a single site that were
16 installed specifically to support interruptible air conditioning,
17 interruptible water heating, net metering, **EXPANDED CAPACITY**
18 **METERING**, or time-of-day tariffs.

19 Sec. 5. As used in this act:

20 (a) "Electric provider", subject to sections 21(1), 23(1), and
21 25(1), means any of the following:

22 (i) Any person or entity that is regulated by the commission
23 for the purpose of selling electricity to retail customers in this
24 state.

25 (ii) A municipally-owned electric utility in this state.

26 (iii) A cooperative electric utility in this state.

27 (iv) Except as used in subpart B of part 2, an alternative

1 electric supplier licensed under section 10a of 1939 PA 3, MCL
2 460.10a.

3 (B) "ELIGIBLE EXPANDED CAPACITY GENERATOR" MEANS ANY OF THE
4 FOLLOWING:

5 (i) A RENEWABLE ENERGY SYSTEM THAT IS OWNED BY OR UNDER THE
6 CONTROL OF THE GOVERNING BOARD OF A PUBLIC SCHOOL WITH MORE THAN 50
7 STUDENTS, THAT IS LOCATED AT AND PROVIDES ELECTRICITY TO THE PUBLIC
8 SCHOOL, AND THAT HAS A DESIGNED CAPACITY OF NOT MORE THAN 300% OF
9 THE ELECTRICITY NEEDS OF THE PUBLIC SCHOOL OR 550 KILOWATTS,
10 WHICHEVER IS LESS.

11 (ii) A RENEWABLE ENERGY SYSTEM THAT IS OWNED BY OR UNDER THE
12 CONTROL OF THIS STATE, THAT IS LOCATED AT AND PROVIDES ELECTRICITY
13 TO A BUILDING, OR GROUP OF BUILDINGS AT THE SAME SITE, OWNED BY OR
14 UNDER THE CONTROL OF THIS STATE, AND THAT HAS A DESIGNED CAPACITY
15 OF NOT MORE THAN 150% OF THE ELECTRICITY NEEDS OF THE BUILDING OR
16 BUILDINGS OR 550 KILOWATTS, WHICHEVER IS LESS.

17 (iii) A METHANE DIGESTER THAT UTILIZES LIVESTOCK WASTE AS THE
18 PRIMARY FEEDSTOCK, THAT IS OWNED BY OR UNDER THE CONTROL OF A FARM,
19 THAT IS LOCATED AT AND PROVIDES ELECTRICITY TO THE FARM, AND THAT
20 HAS A DESIGNED CAPACITY OF NOT MORE THAN 550 KILOWATTS.

21 (iv) A STARVED AIR LOW TEMPERATURE ADVANCED WASTE TO ENERGY
22 GASIFICATION TECHNOLOGY THAT UTILIZES LIVESTOCK WASTE AS THE
23 PRIMARY FEEDSTOCK TO MAKE A COMBUSTIBLE SYNGAS AT LESS THAN 1200° F,
24 THAT IS OWNED BY OR UNDER THE CONTROL OF A FARM, THAT IS LOCATED AT
25 AND PROVIDES ELECTRICITY TO THE FARM, AND THAT HAS A DESIGNED
26 CAPACITY OF NOT MORE THAN 550 KILOWATTS.

27 (C) ~~(b)~~-"Eligible electric-**NET METERING** generator" means that

1 a methane digester or renewable energy system with a generation
2 capacity limited to the customer's electric need and that does not
3 exceed the following:

4 (i) For a renewable energy system, 150 kilowatts of aggregate
5 generation at a single site.

6 (ii) For a methane digester, 550 kilowatts of aggregate
7 generation at a single site.

8 (D) ~~(e)~~—"Energy conservation" means the reduction of customer
9 energy use through the installation of measures or changes in
10 energy usage behavior. Energy conservation does not include the use
11 of advanced cleaner energy systems.

12 (E) ~~(d)~~—"Energy efficiency" means a decrease in customer
13 consumption of electricity or natural gas achieved through measures
14 or programs that target customer behavior, equipment, devices, or
15 materials without reducing the quality of energy services.

16 (F) ~~(e)~~—"Energy optimization", subject to subdivision ~~(f)~~—(G),
17 means all of the following:

18 (i) Energy efficiency.

19 (ii) Load management, to the extent that the load management
20 reduces overall energy usage.

21 (iii) Energy conservation, but only to the extent that the
22 decreases in the consumption of electricity produced by energy
23 conservation are objectively measurable and attributable to an
24 energy optimization plan.

25 (G) ~~(f)~~—Energy optimization does not include electric provider
26 infrastructure projects that are approved for cost recovery by the
27 commission other than as provided in this act.

1 (H) ~~(g)~~—"Energy optimization credit" means a credit certified
2 pursuant to section 87 that represents achieved energy
3 optimization.

4 (I) ~~(h)~~—"Energy optimization plan" or "EO plan" means a plan
5 **APPROVED** under section ~~71~~—73.

6 (J) ~~(i)~~—"Energy optimization standard" means the minimum
7 energy savings required to be achieved under section 77.

8 (K) ~~(j)~~—"Energy star" means the voluntary partnership among
9 the United States department of energy, the United States
10 environmental protection agency, product manufacturers, local
11 utilities, and retailers to help promote energy efficient products
12 by labeling with the energy star logo, **TO** educate consumers about
13 the benefits of energy efficiency, and **TO** help promote energy
14 efficiency in buildings by benchmarking and rating energy
15 performance.

16 (L) **"FARM" MEANS THAT TERM AS DEFINED IN SECTION 2 OF THE**
17 **MICHIGAN RIGHT TO FARM ACT, 1981 PA 93, MCL 286.472.**

18 (M) ~~(k)~~—"Federal approval" means approval by the applicable
19 regional transmission organization or other federal energy
20 regulatory commission approved transmission planning process of a
21 transmission project that includes the transmission line. Federal
22 approval may be evidenced in any of the following manners:

23 (i) The proposed transmission line is part of a transmission
24 project included in the applicable regional transmission
25 organization's board-approved transmission expansion plan.

26 (ii) The applicable regional transmission organization has
27 informed the electric utility, affiliated transmission company, or

1 independent transmission company that a transmission project
2 submitted for an out-of-cycle project review has been approved by
3 the applicable regional transmission organization, and the approved
4 transmission project includes the proposed transmission line.

5 (iii) If, after ~~the effective date of this act~~ **OCTOBER 6, 2008**,
6 the applicable regional transmission organization utilizes another
7 approval process for transmission projects proposed by an electric
8 utility, affiliated transmission company, or independent
9 transmission company, the proposed transmission line is included in
10 a transmission project approved by the applicable regional
11 transmission organization through the approval process developed
12 after ~~the effective date of this act~~ **OCTOBER 6, 2008**.

13 (iv) Any other federal energy regulatory commission approved
14 transmission planning process for a transmission project.

15 Sec. 7. As used in this act:

16 (a) "Gasification facility" means a facility located in this
17 state that uses a thermochemical process that does not involve
18 direct combustion, ~~to produce~~ **WHICH PROCESS PRODUCES** synthesis gas,
19 composed of carbon monoxide and hydrogen, from carbon-based
20 feedstocks (such as coal, petroleum coke, wood, biomass, hazardous
21 waste, medical waste, industrial waste, and solid waste, including,
22 but not limited to, municipal solid waste, electronic waste, and
23 waste described in section 11514 of the natural resources and
24 environmental protection act, 1994 PA 451, MCL 324.11514) and that
25 uses the synthesis gas or a mixture of the synthesis gas and
26 methane to generate electricity for commercial use. Gasification
27 facility includes the transmission lines, gas transportation lines

1 and facilities, and associated property and equipment specifically
2 attributable to such a facility. Gasification facility includes,
3 but is not limited to, an integrated gasification combined cycle
4 facility and a plasma arc gasification facility.

5 (b) "Incremental costs of compliance" means the net revenue
6 required by an electric provider to comply with the renewable
7 energy standard, calculated, **FOR AN ELECTRIC PROVIDER WHOSE RATES**
8 **ARE REGULATED BY THE COMMISSION**, as provided under section 47.

9 (c) "Independent transmission company" means that term as
10 defined in section 2 of the electric transmission line
11 certification act, 1995 PA 30, MCL 460.562.

12 (d) "Industrial cogeneration facility" means a facility that
13 generates electricity using industrial thermal energy or industrial
14 waste energy.

15 (e) "Industrial thermal energy" means thermal energy that is a
16 by-product of an industrial or manufacturing process and that would
17 otherwise be wasted. For the purposes of this subdivision,
18 industrial or manufacturing process does not include the generation
19 of electricity.

20 (f) "Industrial waste energy" means exhaust gas or flue gas
21 that is a by-product of an industrial or manufacturing process and
22 that would otherwise be wasted. For the purposes of this
23 subdivision, industrial or manufacturing process does not include
24 the generation of electricity.

25 (g) "Integrated gasification combined cycle facility" means a
26 gasification facility that uses a thermochemical process, including
27 high temperatures and controlled amounts of air and oxygen, to

1 break substances down into their molecular structures and that uses
2 exhaust heat to generate electricity.

3 (h) "LEED" means the leadership in energy and environmental
4 design green building rating system developed by the United States
5 green building council.

6 (i) "Load management" means measures or programs that target
7 equipment or devices to result in decreased peak electricity demand
8 such as by shifting demand from a peak to an off-peak period.

9 (j) "Modified net metering" **OR "MODIFIED EXPANDED CAPACITY**
10 **METERING"** means a utility billing method that applies the power
11 supply component of the full retail rate to the net of the
12 bidirectional flow of kilowatt hours across the customer
13 interconnection with the utility distribution system, during a
14 billing period or time-of-use pricing period. A negative ~~net~~
15 metered quantity during the billing period or during each time-of-
16 use pricing period within the billing period reflects net excess
17 generation for which the customer is entitled to receive credit
18 under section ~~177(4)~~-177. ~~Standby charges for modified net metering~~
19 ~~customers on an energy rate schedule shall be equal to the retail~~
20 ~~distribution charge applied to the imputed customer usage during~~
21 ~~the billing period. The imputed customer usage is calculated as the~~
22 ~~sum of the metered on site generation and the net of the~~
23 ~~bidirectional flow of power across the customer interconnection~~
24 ~~during the billing period. The commission shall establish standby~~
25 ~~charges for modified net metering customers on demand based rate~~
26 ~~schedules that provide an equivalent contribution to utility system~~
27 ~~costs.~~

1 Sec. 13. As used in this act:

2 (a) "Site" means a contiguous site, regardless of the number
3 of meters at that site. A site that would be contiguous but for the
4 presence of a street, road, or highway shall be considered to be
5 contiguous for the purposes of this subdivision.

6 (b) "Transmission line" means all structures, equipment, and
7 real property necessary to transfer electricity at system bulk
8 supply voltage of 100 kilovolts or more.

9 (c) "True net metering" **OR "TRUE EXPANDED CAPACITY METERING"**
10 means a utility billing method that applies the full retail rate to
11 the net of the bidirectional flow of kilowatt hours across the
12 customer interconnection with the utility distribution system,
13 during a billing period or time-of-use pricing period. A negative
14 net metered quantity during the billing period or during each time-
15 of-use pricing period within the billing period reflects net excess
16 generation for which the customer is entitled to receive credit
17 under section ~~177(4)~~ 177.

18 (d) "Utility system resource cost test" means a standard that
19 is met for an investment in energy optimization if, on a life cycle
20 basis, the total avoided supply-side costs to the provider,
21 including representative values for electricity or natural gas
22 supply, transmission, distribution, and other associated costs, are
23 greater than the total costs to the provider of administering and
24 delivering the energy optimization program, including net costs for
25 any provider incentives paid by customers and capitalized costs
26 recovered under section 89.

27 (e) "Wind energy conversion system" means a renewable energy

1 system that uses 1 or more wind turbines to generate electricity
2 and has a nameplate capacity of 100 kilowatts or more.

3 (f) "Wind energy resource zone" or "wind zone" means an area
4 designated by the commission under section 147.

5 PART 5.

6 NET AND EXPANDED CAPACITY METERING

7 Sec. 173. (1) The commission shall establish a statewide net
8 metering program by order issued ~~not later than 180 days after the~~
9 ~~effective date of this act. No later than 180 days after the~~
10 ~~effective date of this act~~ **BY APRIL 4, 2009. BY APRIL 4, 2009**, the
11 commission shall promulgate rules regarding any time limits on the
12 submission of net metering applications or inspections of net
13 metering equipment and any other matters the commission considers
14 necessary to implement this part. Any rules adopted regarding time
15 limits for approval of parallel operation shall recognize
16 reliability and safety complications including those arising from
17 equipment saturation, use of multiple technologies, and proximity
18 to synchronous motor loads. The program shall apply to all electric
19 utilities and alternative electric suppliers in this state. Except
20 as otherwise provided under this part, customers of any class are
21 eligible to interconnect eligible ~~electric~~ **NET METERING** generators
22 with the customer's local electric utility and operate the
23 generators in parallel with the distribution system. The **NET**
24 **METERING** program shall be designed for a period of not less than 10
25 years. ~~and limit each customer to generation capacity designed to~~
26 ~~meet only the customer's electric needs.~~ The commission may waive
27 the application, interconnection, and installation requirements of

1 **FOR THE NET METERING PROGRAM UNDER** this part for customers
2 participating in the net metering program under the commission's
3 March 29, 2005 order in case no. U-14346.

4 (2) An electric utility or alternative electric supplier is
5 not required to allow for net metering that is greater than 1% of
6 its in-state peak load for the preceding calendar year. The
7 **ELECTRIC** utility or **ALTERNATIVE ELECTRIC** supplier shall notify the
8 commission if its net metering program reaches the 1% ~~requirement~~
9 **LIMIT** under this subsection. The 1% limit under this subsection
10 shall be allocated as follows:

11 (a) No more than 0.5% for customers with a system capable of
12 generating 20 kilowatts or less.

13 (b) No more than 0.25% for customers with a system capable of
14 generating more than 20 kilowatts but not more than 150 kilowatts.

15 (c) No more than 0.25% for customers with a system capable of
16 generating more than 150 kilowatts.

17 (3) Selection of customers for participation in the net
18 metering program shall be based on the order in which the
19 applications for participation in the net metering program are
20 received by the electric utility or alternative electric supplier.

21 (4) An electric utility or alternative electric supplier shall
22 not **DISCONTINUE OR** refuse to provide ~~or discontinue~~ electric
23 service to a customer solely ~~for the reason that~~ **BECAUSE** the
24 customer participates in the net metering program.

25 (5) The **NET METERING** program created under subsection (1)
26 shall include all of the following:

27 (a) Statewide uniform interconnection requirements for all

1 eligible ~~electric~~ **NET METERING** generators. The interconnection
2 requirements shall be designed to protect electric utility workers
3 and equipment and the general public.

4 (b) Net metering equipment and its installation must meet all
5 current local and state electric and construction code
6 requirements. Any equipment that is certified by a nationally
7 recognized testing laboratory to IEEE 1547.1 testing standards and
8 in compliance with UL 1741 scope 1.1A, effective May 7, 2007, and
9 installed in compliance with this part is considered to be eligible
10 equipment. Within the time provided by the commission in rules
11 promulgated under subsection (1) and consistent with good utility
12 practice, protection of electric utility workers, protection of
13 electric utility equipment, and protection of the general public,
14 an electric utility may study, confirm, and ensure that an eligible
15 ~~electric~~ **NET METERING** generator installation at the customer's site
16 meets the IEEE 1547 anti-islanding requirements. Utility testing
17 and approval of the interconnection and execution of a parallel
18 operating agreement must be completed prior to the equipment
19 operating in parallel with the distribution system of the utility.

20 (c) A uniform application form and process to be used by all
21 electric utilities and alternative electric suppliers in this
22 state. Customers who are served by an alternative electric supplier
23 shall submit a copy of the application to the electric utility for
24 the customer's service area.

25 (d) Net metering customers with a ~~system~~ **AN ELIGIBLE NET**
26 **METERING GENERATOR** capable of generating 20 kilowatts or less
27 qualify for true net metering.

1 (e) Net metering customers with ~~a system~~ **AN ELIGIBLE NET**
2 **METERING GENERATOR** capable of generating more than 20 kilowatts
3 qualify for modified net metering.

4 (6) Each electric utility and alternative electric supplier
5 shall maintain records of all applications and up-to-date records
6 of all active eligible ~~electric~~ **NET METERING** generators located
7 within their service area.

8 **SEC. 173B. (1) THE COMMISSION SHALL ESTABLISH A STATEWIDE**
9 **EXPANDED CAPACITY METERING PROGRAM BY ORDER ISSUED NOT LATER THAN**
10 **180 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**
11 **THIS SECTION. NO LATER THAN 180 DAYS AFTER THE EFFECTIVE DATE OF**
12 **THE AMENDATORY ACT THAT ADDED THIS SECTION, THE COMMISSION SHALL**
13 **PROMULGATE RULES REGARDING ANY TIME LIMITS ON THE SUBMISSION OF**
14 **EXPANDED CAPACITY METERING APPLICATIONS OR INSPECTIONS OF EXPANDED**
15 **CAPACITY METERING EQUIPMENT AND ANY OTHER MATTERS THE COMMISSION**
16 **CONSIDERS NECESSARY TO IMPLEMENT THIS PART. ANY RULES ADOPTED**
17 **REGARDING TIME LIMITS FOR APPROVAL OF PARALLEL OPERATION SHALL**
18 **RECOGNIZE RELIABILITY AND SAFETY COMPLICATIONS INCLUDING THOSE**
19 **ARISING FROM EQUIPMENT SATURATION, USE OF MULTIPLE TECHNOLOGIES,**
20 **AND PROXIMITY TO SYNCHRONOUS MOTOR LOADS. THE PROGRAM SHALL APPLY**
21 **TO ALL ELECTRIC UTILITIES AND ALTERNATIVE ELECTRIC SUPPLIERS IN**
22 **THIS STATE. PARTICIPATION IN THE EXPANDED CAPACITY METERING PROGRAM**
23 **IS LIMITED TO PUBLIC SCHOOLS WITH MORE THAN 50 STUDENTS, BUILDINGS**
24 **OWNED BY OR UNDER THE CONTROL OF THIS STATE, AND FARMS. THE**
25 **EXPANDED CAPACITY METERING PROGRAM SHALL BE DESIGNED FOR A PERIOD**
26 **OF NOT LESS THAN 10 YEARS. THE COMMISSION MAY WAIVE THE**
27 **APPLICATION, INTERCONNECTION, AND INSTALLATION REQUIREMENTS FOR THE**

1 EXPANDED CAPACITY METERING PROGRAM FOR CUSTOMERS PARTICIPATING IN
2 THE NET METERING PROGRAM UNDER THE COMMISSION'S MARCH 29, 2005
3 ORDER IN CASE NO. U-14346.

4 (2) AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER IS
5 NOT REQUIRED TO ALLOW FOR EXPANDED CAPACITY METERING THAT IS
6 GREATER THAN 1% OF ITS IN-STATE PEAK LOAD FOR THE PRECEDING
7 CALENDAR YEAR. THE ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC
8 SUPPLIER SHALL NOTIFY THE COMMISSION IF ITS EXPANDED CAPACITY
9 METERING PROGRAM REACHES THE 1% LIMIT UNDER THIS SUBSECTION. THE 1%
10 LIMIT UNDER THIS SUBSECTION SHALL BE ALLOCATED AS FOLLOWS:

11 (A) NO MORE THAN 0.4% FOR CUSTOMERS THAT ARE PUBLIC SCHOOLS.

12 (B) NO MORE THAN 0.2% FOR THE GOVERNMENT OF THIS STATE AS A
13 CUSTOMER.

14 (C) NO MORE THAN 0.4% FOR CUSTOMERS THAT ARE FARMS.

15 (3) SELECTION OF CUSTOMERS FOR PARTICIPATION IN THE EXPANDED
16 CAPACITY METERING PROGRAM SHALL BE BASED ON THE ORDER IN WHICH THE
17 APPLICATIONS FOR PARTICIPATION IN THE EXPANDED CAPACITY METERING
18 PROGRAM ARE RECEIVED BY THE ELECTRIC UTILITY OR ALTERNATIVE
19 ELECTRIC SUPPLIER.

20 (4) AN ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER SHALL
21 NOT DISCONTINUE OR REFUSE TO PROVIDE ELECTRIC SERVICE TO A CUSTOMER
22 SOLELY BECAUSE THE CUSTOMER PARTICIPATES IN THE EXPANDED CAPACITY
23 METERING PROGRAM.

24 (5) THE EXPANDED CAPACITY METERING PROGRAM CREATED UNDER
25 SUBSECTION (1) SHALL INCLUDE ALL OF THE FOLLOWING:

26 (A) STATEWIDE UNIFORM INTERCONNECTION REQUIREMENTS FOR ALL
27 ELIGIBLE EXPANDED CAPACITY GENERATORS. THE INTERCONNECTION

1 REQUIREMENTS SHALL BE DESIGNED TO PROTECT ELECTRIC UTILITY WORKERS
2 AND EQUIPMENT AND THE GENERAL PUBLIC.

3 (B) EXPANDED CAPACITY METERING EQUIPMENT AND ITS INSTALLATION
4 MUST MEET ALL CURRENT LOCAL AND STATE ELECTRIC AND CONSTRUCTION
5 CODE REQUIREMENTS. ANY EQUIPMENT THAT IS CERTIFIED BY A NATIONALLY
6 RECOGNIZED TESTING LABORATORY TO IEEE 1547.1 TESTING STANDARDS AND
7 IN COMPLIANCE WITH UL 1741 SCOPE 1.1A, EFFECTIVE MAY 7, 2007, AND
8 INSTALLED IN COMPLIANCE WITH THIS PART IS CONSIDERED TO BE ELIGIBLE
9 EQUIPMENT. WITHIN THE TIME PROVIDED BY THE COMMISSION IN RULES
10 PROMULGATED UNDER SUBSECTION (1) AND CONSISTENT WITH GOOD UTILITY
11 PRACTICE, PROTECTION OF ELECTRIC UTILITY WORKERS, PROTECTION OF
12 ELECTRIC UTILITY EQUIPMENT, AND PROTECTION OF THE GENERAL PUBLIC,
13 AN ELECTRIC UTILITY MAY STUDY, CONFIRM, AND ENSURE THAT AN ELIGIBLE
14 EXPANDED CAPACITY GENERATOR INSTALLATION AT THE CUSTOMER'S SITE
15 MEETS THE IEEE 1547 ANTI-ISLANDING REQUIREMENTS. UTILITY TESTING
16 AND APPROVAL OF THE INTERCONNECTION AND EXECUTION OF A PARALLEL
17 OPERATING AGREEMENT MUST BE COMPLETED PRIOR TO THE EQUIPMENT
18 OPERATING IN PARALLEL WITH THE DISTRIBUTION SYSTEM OF THE UTILITY.

19 (C) A UNIFORM APPLICATION FORM AND PROCESS TO BE USED BY ALL
20 ELECTRIC UTILITIES AND ALTERNATIVE ELECTRIC SUPPLIERS IN THIS
21 STATE. CUSTOMERS WHO ARE SERVED BY AN ALTERNATIVE ELECTRIC SUPPLIER
22 SHALL SUBMIT A COPY OF THE APPLICATION TO THE ELECTRIC UTILITY FOR
23 THE CUSTOMER'S SERVICE AREA.

24 (D) EXPANDED CAPACITY METERING CUSTOMERS WITH AN ELIGIBLE
25 EXPANDED CAPACITY GENERATOR CAPABLE OF GENERATING 20 KILOWATTS OR
26 LESS QUALIFY FOR TRUE EXPANDED CAPACITY METERING.

27 (E) EXPANDED CAPACITY METERING CUSTOMERS WITH AN ELIGIBLE

1 EXPANDED CAPACITY GENERATOR CAPABLE OF GENERATING MORE THAN 20
2 KILOWATTS QUALIFY FOR MODIFIED EXPANDED CAPACITY METERING.

3 (F) PROCESSES BY WHICH PUBLIC SCHOOLS OR FARMS THAT ARE
4 EXPANDED CAPACITY METERING CUSTOMERS, OR THEIR AGENTS, CAN SELL
5 EXCESS ELECTRICAL GENERATION TO PUBLIC SCHOOLS, STATE COLLEGES AND
6 UNIVERSITIES, PUBLIC LIBRARIES, AND OTHER SELECT PUBLIC ENTITIES
7 FOR USE AT PUBLICLY OWNED BUILDINGS WITHIN THIS STATE, AS
8 DETERMINED BY THE COMMISSION.

9 (6) EACH ELECTRIC UTILITY AND ALTERNATIVE ELECTRIC SUPPLIER
10 SHALL MAINTAIN RECORDS OF ALL APPLICATIONS AND UP-TO-DATE RECORDS
11 OF ALL ACTIVE ELIGIBLE EXPANDED CAPACITY GENERATORS LOCATED WITHIN
12 ITS SERVICE AREA.

13 Sec. 175. (1) An electric utility or alternative electric
14 supplier may charge a fee not to exceed \$100.00 to process an
15 application for net metering OR EXPANDED CAPACITY METERING. A
16 customer with ~~a system~~ AN ELIGIBLE NET METERING GENERATOR OR
17 ELIGIBLE EXPANDED CAPACITY GENERATOR capable of generating more
18 than 20 kilowatts shall pay all interconnection costs. A customer
19 with ~~a system~~ AN ELIGIBLE NET METERING GENERATOR OR ELIGIBLE
20 EXPANDED CAPACITY GENERATOR capable of generating more than 150
21 kilowatts shall pay standby costs. STANDBY CHARGES FOR MODIFIED NET
22 METERING OR MODIFIED EXPANDED CAPACITY METERING CUSTOMERS ON AN
23 ENERGY RATE SCHEDULE SHALL BE EQUAL TO THE RETAIL DISTRIBUTION
24 CHARGE APPLIED TO THE IMPUTED CUSTOMER USAGE DURING THE BILLING
25 PERIOD. THE IMPUTED CUSTOMER USAGE IS CALCULATED AS THE SUM OF THE
26 METERED ON-SITE GENERATION AND THE NET OF THE BIDIRECTIONAL FLOW OF
27 POWER ACROSS THE CUSTOMER INTERCONNECTION DURING THE BILLING

1 **PERIOD. THE COMMISSION SHALL ESTABLISH STANDBY CHARGES FOR MODIFIED**
2 **NET METERING OR MODIFIED EXPANDED CAPACITY METERING CUSTOMERS ON**
3 **DEMAND-BASED RATE SCHEDULES THAT PROVIDE AN EQUIVALENT CONTRIBUTION**
4 **TO UTILITY SYSTEM COSTS.** The commission shall recognize the
5 reasonable cost for each electric utility and alternative electric
6 supplier to operate a net metering program **AND AN EXPANDED CAPACITY**
7 **METERING PROGRAM.** For an electric utility with 1,000,000 or more
8 retail customers in this state, the commission shall include in
9 that utility's nonfuel base rates all costs of meeting all program
10 requirements except that all energy costs of the program shall be
11 recovered through the utility's power supply cost recovery
12 mechanism under sections 6j and 6k of 1939 PA 3, MCL 460.6j and
13 460.6k. For an electric utility with less than 1,000,000 base
14 distribution customers in this state, the commission shall allow
15 that utility to recover all energy costs of the program through the
16 power supply cost recovery mechanism under sections 6j and 6k of
17 1939 PA 3, MCL 460.6j and 460.6k, and shall develop a cost recovery
18 mechanism for that utility to contemporaneously recover all other
19 costs of meeting the program requirements.

20 (2) The interconnection requirements of ~~the~~ **A** net metering
21 program **OR EXPANDED CAPACITY METERING PROGRAM** shall provide that an
22 electric utility or alternative electric supplier shall, subject to
23 any time requirements imposed by the commission and upon reasonable
24 written notice to the ~~net metering~~ customer, perform testing and
25 inspection of an interconnected eligible electric generator as is
26 necessary to determine that the system complies with all applicable
27 electric safety, power quality, and interconnection requirements.

1 The costs of testing and inspection are considered a cost of
2 operating a net metering program **OR EXPANDED CAPACITY METERING**
3 **PROGRAM** and shall be recovered under subsection (1).

4 (3) The interconnection requirements shall require all
5 eligible electric generators, alternative electric suppliers, and
6 electric utilities to comply with all applicable federal, state,
7 and local laws, rules, or regulations, and any national standards
8 as determined by the commission.

9 Sec. 177. (1) Electric meters shall be used to determine the
10 amount of the customer's energy use in each billing period, net of
11 any excess energy the customer's **ELIGIBLE NET METERING GENERATOR OR**
12 **ELIGIBLE EXPANDED CAPACITY** generator delivers to the utility
13 distribution system during that same billing period. For a customer
14 with a ~~generation system~~ **AN ELIGIBLE NET METERING GENERATOR OR**
15 **ELIGIBLE EXPANDED CAPACITY GENERATOR** capable of generating more
16 than 20 kilowatts, the utility shall install and utilize a
17 generation meter and a meter or meters capable of measuring the
18 flow of energy in both directions. A customer with a ~~system~~ **AN**
19 **ELIGIBLE NET METERING GENERATOR OR ELIGIBLE EXPANDED CAPACITY**
20 **GENERATOR** capable of generating more than 150 kilowatts shall pay
21 the costs of installing any new meters.

22 (2) An electric utility serving over 1,000,000 customers in
23 this state may provide its customers participating in the net
24 metering program **OR EXPANDED CAPACITY METERING PROGRAM**, at no
25 additional charge, a meter or meters capable of measuring the flow
26 of energy in both directions.

27 (3) An electric utility serving fewer than 1,000,000 customers

1 in this state shall provide a meter or meters described in
2 subsection (2) to customers participating in the net metering
3 program **OR EXPANDED CAPACITY METERING PROGRAM** at cost. Only the
4 incremental cost above that for meters provided by the electric
5 utility to similarly situated nongenerating customers shall be paid
6 by the eligible customer.

7 (4) If the quantity of electricity generated and delivered to
8 the utility distribution system by an eligible electric generator
9 during a billing period exceeds the quantity of electricity
10 supplied from the electric utility or alternative electric supplier
11 during the billing period, the ~~eligible customer shall be credited~~
12 ~~by their supplier of electric generation service~~ **SHALL CREDIT THE**
13 **ELIGIBLE CUSTOMER** for the excess kilowatt hours generated during
14 the billing period. The credit shall appear on the bill for the
15 following billing period and shall be limited to the total power
16 supply charges on that bill. ~~Any~~ **FOR THE NET METERING PROGRAM, ANY**
17 excess kilowatt hours not used to offset electric generation
18 charges in the next billing period ~~will~~ **SHALL** be carried forward to
19 subsequent billing periods. **FOR THE EXPANDED CAPACITY METERING**
20 **PROGRAM, ANY EXCESS KILOWATT HOURS NOT USED TO OFFSET ELECTRIC**
21 **GENERATION CHARGES IN THE NEXT BILLING PERIOD SHALL BE CARRIED**
22 **FORWARD TO SUBSEQUENT BILLING PERIODS, PAID TO THE CUSTOMER, OR**
23 **SOLD UNDER SECTION 173B(5)(F), AS DETERMINED BY RULES PROMULGATED**
24 **BY THE COMMISSION UNDER SECTION 173B(1).** Notwithstanding any law or
25 regulation, net metering **OR EXPANDED CAPACITY METERING** customers
26 shall not receive credits for electric utility transmission or
27 distribution charges. The credit per kilowatt hour for kilowatt

1 hours delivered into the utility's distribution system shall be
2 either of the following:

3 (a) The monthly average real-time locational marginal price
4 for energy at the commercial pricing node within the electric
5 utility's distribution service territory, or for ~~net metering~~
6 customers on a time-based rate schedule, the monthly average real-
7 time locational marginal price for energy at the commercial pricing
8 node within the electric utility's distribution service territory
9 during the time-of-use pricing period.

10 (b) The electric utility's or alternative electric supplier's
11 power supply component of the full retail rate during the billing
12 period or time-of-use pricing period.

13 Sec. 179. ~~An~~ **THE PERSON WHO OWNS OR CONTROLS AN** eligible
14 ~~electric~~ **NET METERING OR ELIGIBLE EXPANDED CAPACITY** generator ~~shall~~
15 ~~own~~ **OWNS** any renewable energy credits granted for electricity
16 generated under the net metering program **OR EXPANDED CAPACITY**
17 **METERING PROGRAM** created in this part.