HOUSE BILL No. 6070

April 22, 2010, Introduced by Reps. Kennedy, Meadows, Robert Jones, Lisa Brown, Scripps, Miller, Constan, Bauer, Haugh, Warren, Nathan, McDowell and Byrnes 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 section 77 (MCL 460.1077).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 77. (1) Except as provided in section 81 and subject to the sales revenue expenditure limits in section 89, an electric provider's energy optimization programs under this subpart shall collectively achieve the following minimum energy savings:

(a) Biennial incremental energy savings in 2008-2009 equivalent to ~~0.3%~~ **0.30%** of total annual retail electricity sales in megawatt hours in 2007.

(b) Annual incremental energy savings in 2010 equivalent to ~~0.5%~~ **0.50%** of total annual retail electricity sales in megawatt hours in 2009.

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(c) Annual incremental energy savings in 2011 equivalent to 0.75% of total annual retail electricity sales in megawatt hours in 2010.

(d) Annual incremental energy savings in 2012 ~~, 2013, 2014, and 2015 and, subject to section 97,~~ **EQUIVALENT TO 1.00% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN 2011.**

(E) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2013 EQUIVALENT TO 1.25% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN 2012.

(F) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2014 EQUIVALENT TO 1.50% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN 2013.

(G) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2015 EQUIVALENT TO 1.75% OF TOTAL ANNUAL RETAIL ELECTRICITY SALES IN MEGAWATT HOURS IN 2014.

(H) SUBJECT TO SECTION 97(8), ANNUAL INCREMENTAL ENERGY SAVINGS IN 2016 AND each year thereafter equivalent to ~~1.0%~~ **2.00%** of total annual retail electricity sales in megawatt hours in the preceding year.

(2) If an electric provider uses load management to achieve energy savings under its energy optimization plan, the minimum energy savings required under subsection (1) shall be adjusted by an amount such that the ratio of the minimum energy savings to the sum of maximum expenditures under section 89 and the load management expenditures remains constant.

(3) A natural gas provider shall meet the following minimum energy optimization standards using energy efficiency programs

under this subpart:

(a) Biennial incremental energy savings in 2008-2009 equivalent to 0.1% of total annual retail natural gas sales in decatherms or equivalent MCFs in 2007.

(b) Annual incremental energy savings in 2010 equivalent to 0.25% of total annual retail natural gas sales in decatherms or equivalent MCFs in 2009.

(c) Annual incremental energy savings in 2011 equivalent to ~~0.5%~~ **0.50%** of total annual retail natural gas sales in decatherms or equivalent MCFs in 2010.

(d) Annual incremental energy savings in 2012 ~~, 2013, 2014, and 2015 and, subject to section 97,~~ **EQUIVALENT TO 0.75% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR EQUIVALENT MCFS IN 2011.**

(E) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2013 EQUIVALENT TO 1.00% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR EQUIVALENT MCFS IN 2012.

(F) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2014 EQUIVALENT TO 1.25% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR EQUIVALENT MCFS IN 2013.

(G) ANNUAL INCREMENTAL ENERGY SAVINGS IN 2015 EQUIVALENT TO 1.50% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN DECATHERMS OR EQUIVALENT MCFS IN 2014.

(H) SUBJECT TO SECTION 97(8), ANNUAL INCREMENTAL ENERGY SAVINGS IN 2016 AND each year thereafter equivalent to ~~0.75%~~ **1.75%** of total annual retail natural gas sales in decatherms or equivalent MCFs in the preceding year.

(4) Incremental energy savings under subsection (1) or (3) for the 2008-2009 biennium or any year thereafter shall be determined for a provider by adding the energy savings expected to be achieved during a 1-year period by energy optimization measures implemented during the 2008-2009 biennium or any year thereafter under any energy efficiency programs consistent with the provider's energy efficiency plan.

(5) For purposes of calculations under subsection (1) or (3), total annual retail electricity or natural gas sales in a year shall be based on 1 of the following at the option of the provider as specified in its energy optimization plan:

(a) The number of weather-normalized megawatt hours or decatherms or equivalent MCFs sold by the provider to retail customers in this state during the year preceding the biennium or year for which incremental energy savings are being calculated.

(b) The average number of megawatt hours or decatherms or equivalent MCFs sold by the provider during the 3 years preceding the biennium or year for which incremental energy savings are being calculated.

(6) For any year after 2012, an electric provider may substitute renewable energy credits associated with renewable energy generated that year from a renewable energy system constructed after ~~the effective date of this act~~ **OCTOBER 6, 2008**, advanced cleaner energy credits other than credits from industrial cogeneration using industrial waste energy, load management that reduces overall energy usage, or a combination thereof for energy optimization credits otherwise required to meet the energy

optimization performance standard, if the substitution is approved by the commission. The commission shall not approve a substitution unless the commission determines that the substitution is cost-effective and, if the substitution involves advanced cleaner energy credits, that the advanced cleaner energy system provides carbon dioxide emissions benefits. In determining whether the substitution of advanced cleaner energy credits is cost-effective compared to other available energy optimization measures, the commission shall consider the environmental costs related to the advanced cleaner energy system, including the costs of environmental control equipment or greenhouse gas constraints or taxes. The commission's determinations shall be made after a contested case hearing that includes consultation with the department of ~~environmental quality~~ **NATURAL RESOURCES AND ENVIRONMENT** on the issue of carbon dioxide emissions benefits, if relevant, and environmental costs.

(7) Renewable energy credits, advanced cleaner energy credits, load management that reduces overall energy usage, or a combination thereof shall not be used by a provider to meet more than 10% of the energy optimization standard. Substitutions for energy optimization credits shall be made at the following rates per energy optimization credit:

(a) 1 renewable energy credit.

(b) 1 advanced cleaner energy credit from plasma arc gasification.

(c) 4 advanced cleaner energy credits other than from plasma arc gasification.