

# HOUSE BILL No. 4878

September 17, 2015, Introduced by Reps. Glenn, Robinson, Lucido, Hooker, Runestad, Barrett, Cochran, McBroom, Inman and Dianda and referred to the Committee on Energy Policy.

A bill to amend 2008 PA 295, entitled "Clean, renewable, and efficient energy act," (MCL 460.1001 to 460.1195) by adding part 5A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 5A COMMUNITY RENEWABLE ENERGY SYSTEMS

2 SEC. 182. (1) AS USED IN THIS PART:

3 (A) "COMMUNITY RENEWABLE ENERGY SYSTEM" OR "SYSTEM" MEANS A  
4 RENEWABLE ENERGY ELECTRIC GENERATION SYSTEM THAT MEETS ALL OF THE  
5 FOLLOWING CONDITIONS:

6 (i) THE SYSTEM HAS A GENERATING CAPACITY OF 2 MEGAWATTS OR  
7 LESS.

8 (ii) THE BENEFICIAL USE OF THE ELECTRICITY GENERATED BY THE  
9 SYSTEM BELONGS TO A MINIMUM OF 10 SUBSCRIBERS TO THE SYSTEM.

10 (iii) THE OWNER IS EITHER AN ELECTRIC PROVIDER OR A PERSON WHO

1 CONTRACTS TO SELL THE OUTPUT FROM THE SYSTEM TO AN ELECTRIC  
2 PROVIDER THAT SERVES THE COMMUNITY IN WHICH THE SYSTEM IS LOCATED.

3 (B) "SUBSCRIBER" MEANS A RETAIL CUSTOMER OF THE ELECTRIC  
4 PROVIDER WHO OWNS A SUBSCRIPTION.

5 (C) "SUBSCRIBER ORGANIZATION" MEANS AN ORGANIZATION WITH THE  
6 SOLE PURPOSE OF BENEFICIALLY OWNING AND DIRECTLY OPERATING A  
7 COMMUNITY RENEWABLE ENERGY SYSTEM, OR INDIRECTLY OPERATING IT  
8 THROUGH A THIRD PARTY UNDER CONTRACT WITH THE SUBSCRIBER  
9 ORGANIZATION. A SUBSCRIBER ORGANIZATION MAY BE ANY FOR-PROFIT OR  
10 NONPROFIT ENTITY PERMITTED BY LAW.

11 (D) "SUBSCRIPTION" MEANS A PROPORTIONAL INTEREST IN A  
12 COMMUNITY RENEWABLE ENERGY SYSTEM AND IN THE RENEWABLE ENERGY  
13 CREDITS ASSOCIATED WITH OR ATTRIBUTABLE TO THE SYSTEM.

14 (2) EACH SUBSCRIPTION SHALL BE SIZED TO REPRESENT AT LEAST 100  
15 WATTS OF THE COMMUNITY RENEWABLE ENERGY SYSTEM'S GENERATING  
16 CAPACITY AND TO SUPPLY NO MORE THAN 120% OF THE AMOUNT BY WHICH THE  
17 AVERAGE ANNUAL CONSUMPTION OF ELECTRICITY BY THE SUBSCRIBER AT THE  
18 PREMISES TO WHICH THE SUBSCRIPTION IS ATTRIBUTED EXCEEDS THE  
19 AVERAGE ANNUAL AMOUNT GENERATED BY ANY EXISTING RENEWABLE ENERGY  
20 SYSTEM AT THE PREMISES.

21 (3) A SUBSCRIPTION IN A COMMUNITY RENEWABLE ENERGY SYSTEM MAY  
22 BE TRANSFERRED OR ASSIGNED TO A SUBSCRIBER ORGANIZATION OR TO ANY  
23 OTHER PERSON OR ENTITY THAT QUALIFIES TO BE A SUBSCRIBER UNDER THIS  
24 PART.

25 SEC. 182A. A SUBSCRIBER ORGANIZATION MAY ENTER INTO OWNERSHIP  
26 AND OPERATING AGREEMENTS TO IMPLEMENT THE PURPOSES OF THIS ACT.

27 SEC. 182B. THE OWNERS OF AND SUBSCRIBERS TO A COMMUNITY

1 RENEWABLE ENERGY SYSTEM ARE NOT PUBLIC UTILITIES SUBJECT TO  
2 REGULATION BY THE COMMISSION SOLELY AS A RESULT OF THEIR INTEREST  
3 IN THE SYSTEM. PRICES PAID FOR SUBSCRIPTIONS IN COMMUNITY RENEWABLE  
4 ENERGY SYSTEMS ARE NOT SUBJECT TO REGULATION BY THE COMMISSION.

5 SEC. 182C. (1) THE COMMISSION SHALL REQUIRE IN EACH NEW PLAN  
6 OR REVIEW OF THE RENEWABLE ENERGY PLAN OF AN ELECTRIC PROVIDER  
7 PURSUANT TO SECTION 21, 23, OR 25 THAT THE PLAN INCLUDE THE  
8 PURCHASE OF ELECTRICITY AND RENEWABLE ENERGY CREDITS FROM COMMUNITY  
9 RENEWABLE ENERGY SYSTEMS OVER THE PERIOD COVERED BY THE PLAN.

10 (2) IN THE FIRST PLAN OR REVIEW PLAN ADOPTED AFTER THE  
11 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, EACH  
12 ELECTRIC PROVIDER SHALL INCLUDE PLANS TO ISSUE 1 OR MORE STANDARD  
13 OFFERS TO PURCHASE THE OUTPUT FROM COMMUNITY RENEWABLE ENERGY  
14 SYSTEMS OF 500 KILOWATTS OR LESS AT PRICES THAT ARE COMPARABLE TO  
15 THE PRICES OFFERED BY THE ELECTRIC PROVIDER UNDER STANDARD OFFERS  
16 ISSUED FOR ON-SITE RENEWABLE ENERGY GENERATION. DURING THAT PLAN  
17 PERIOD, THE ELECTRIC PROVIDER SHALL PLAN TO ACQUIRE, THROUGH THESE  
18 STANDARD OFFERS, AT LEAST 1/2 OF THE COMMUNITY RENEWABLE ENERGY  
19 SYSTEM GENERATION IT PLANS TO ACQUIRE, TO THE EXTENT THE ELECTRIC  
20 PROVIDER RECEIVES RESPONSES TO ITS STANDARD OFFERS. FOR THAT PLAN  
21 PERIOD, THE ELECTRIC PROVIDER IS NOT OBLIGATED TO PURCHASE MORE  
22 THAN 6 MEGAWATTS OF ENERGY GENERATED BY COMMUNITY RENEWABLE ENERGY  
23 SYSTEMS THAT WERE NOT INCLUDED IN A PRIOR PLAN PERIOD.

24 (3) FOR EACH REVIEW PLAN ADOPTED AFTER A PLAN DESCRIBED IN  
25 SUBSECTION (2), THE COMMISSION SHALL DETERMINE THE MINIMUM  
26 PURCHASES OF ELECTRICAL OUTPUT AN ELECTRIC PROVIDER SHALL PLAN TO  
27 MAKE FROM COMMUNITY RENEWABLE ENERGY SYSTEMS THAT WERE NOT INCLUDED

1 IN A PRIOR PLAN PERIOD. IN ADDITION, AS NECESSARY, THE COMMISSION  
2 SHALL FORMULATE AND IMPLEMENT POLICIES CONSISTENT WITH THIS PART  
3 THAT ENCOURAGE ALL OF THE FOLLOWING:

4 (A) CUSTOMER OWNERSHIP OF SUBSCRIPTIONS IN COMMUNITY RENEWABLE  
5 ENERGY SYSTEMS AND OF OTHER FORMS OF DISTRIBUTED GENERATION, TO THE  
6 EXTENT THE COMMISSION FINDS THERE IS CUSTOMER DEMAND FOR THAT  
7 OWNERSHIP.

8 (B) RESIDENTIAL RETAIL CUSTOMER, INCLUDING LOW-INCOME  
9 CUSTOMER, AND AGRICULTURAL PRODUCER OWNERSHIP OF SUBSCRIPTIONS IN  
10 COMMUNITY RENEWABLE ENERGY SYSTEMS, TO THE EXTENT THE COMMISSION  
11 FINDS THERE IS DEMAND FOR THAT OWNERSHIP.

12 (C) DEVELOPMENT OF COMMUNITY RENEWABLE ENERGY SYSTEMS WITH  
13 ATTRIBUTES THAT THE COMMISSION FINDS RESULT IN LOWER OVERALL TOTAL  
14 COSTS FOR THE ELECTRIC PROVIDER'S CUSTOMERS.

15 (D) SUCCESSFUL FINANCING AND OPERATION OF COMMUNITY RENEWABLE  
16 ENERGY SYSTEMS OWNED BY SUBSCRIBER ORGANIZATIONS.

17 (E) THE ACHIEVEMENT OF THE GOALS AND OBJECTIVES OF THIS ACT.

18 SEC. 182D. (1) THE OUTPUT FROM A COMMUNITY RENEWABLE ENERGY  
19 SYSTEM SHALL BE SOLD ONLY TO AN ELECTRIC PROVIDER SERVING THE  
20 GEOGRAPHIC AREA WHERE THE SYSTEM IS LOCATED. AFTER A COMMUNITY  
21 RENEWABLE ENERGY SYSTEM IS PART OF AN ELECTRIC PROVIDER'S RENEWABLE  
22 ENERGY PLAN THAT IS APPROVED BY THE COMMISSION, THE ELECTRIC  
23 PROVIDER SHALL PURCHASE ALL OF THE ELECTRICITY AND RENEWABLE ENERGY  
24 CREDITS GENERATED BY THE SYSTEM. THE AMOUNT OF ELECTRICITY AND  
25 RENEWABLE ENERGY CREDITS GENERATED BY EACH COMMUNITY RENEWABLE  
26 ENERGY SYSTEM SHALL BE DETERMINED BY A PRODUCTION METER INSTALLED  
27 BY THE ELECTRIC PROVIDER OR THIRD-PARTY SYSTEM OWNER AND PAID FOR

1 BY THE OWNER OF THE SYSTEM.

2 (2) AN ELECTRIC PROVIDER SHALL PURCHASE THE OUTPUT OF A  
3 COMMUNITY RENEWABLE ENERGY SYSTEM BY A NET METERING CREDIT AGAINST  
4 EACH SYSTEM SUBSCRIBER'S ELECTRIC BILL FOR THE PREMISES SET FORTH  
5 IN THE SUBSCRIBER'S SUBSCRIPTION. THE NET METERING CREDIT SHALL BE  
6 CALCULATED BY MULTIPLYING THE SUBSCRIBER'S SHARE OF THE ELECTRICITY  
7 PRODUCTION FROM THE SYSTEM BY THE ELECTRIC PROVIDER'S TOTAL  
8 AGGREGATE RETAIL RATE AS CHARGED TO THE SUBSCRIBER, MINUS A  
9 REASONABLE CHARGE AS DETERMINED BY THE COMMISSION TO COVER THE  
10 PROVIDER'S COSTS OF DELIVERING AN AMOUNT OF ELECTRICITY EQUAL TO  
11 THE SUBSCRIBER'S SHARE OF THE ELECTRICITY GENERATED BY THE SYSTEM  
12 TO THE SUBSCRIBER'S PREMISES, INTEGRATING THE RENEWABLE ENERGY  
13 GENERATION WITH THE PROVIDER'S SYSTEM, AND ADMINISTERING THE  
14 SYSTEM'S CONTRACTS AND NET METERING CREDITS. THE COMMISSION SHALL  
15 ENSURE THAT THIS CHARGE DOES NOT REFLECT COSTS THAT ARE ALREADY  
16 RECOVERED BY THE ELECTRIC PROVIDER FROM THE SUBSCRIBER THROUGH  
17 OTHER CHARGES. IF, AND TO THE EXTENT THAT, A SUBSCRIBER'S NET  
18 METERING CREDIT EXCEEDS THE SUBSCRIBER'S ELECTRIC BILL IN ANY  
19 BILLING PERIOD, THE NET METERING CREDIT SHALL BE CARRIED FORWARD  
20 AND APPLIED AGAINST FUTURE BILLS.

21 (3) THE ELECTRIC PROVIDER AND THE OWNER OF THE COMMUNITY  
22 RENEWABLE ENERGY SYSTEM SHALL AGREE ON WHETHER THE PURCHASE OF THE  
23 RENEWABLE ENERGY CREDITS FROM SUBSCRIBERS WILL BE ACCOMPLISHED  
24 THROUGH A CREDIT ON EACH SUBSCRIBER'S ELECTRICITY BILL OR BY A  
25 PAYMENT TO THE OWNER OF THE SYSTEM.

26 SEC. 182E. (1) THE OWNER OF THE COMMUNITY RENEWABLE ENERGY  
27 SYSTEM SHALL PROVIDE REAL-TIME PRODUCTION DATA TO THE ELECTRIC

1 PROVIDER TO FACILITATE INCORPORATION OF THE COMMUNITY RENEWABLE  
2 ENERGY SYSTEM INTO THE ELECTRIC PROVIDER'S OPERATIONS AND TO  
3 FACILITATE THE PROVISION OF NET METERING CREDITS.

4 (2) THE OWNER OF THE COMMUNITY RENEWABLE ENERGY SYSTEM SHALL  
5 NOTIFY THE ELECTRIC PROVIDER OF THE PERCENTAGE SHARE OF EACH  
6 SUBSCRIBER FOR USE IN DETERMINING THE NET METERING CREDIT TO EACH  
7 SUBSCRIBER. THE INFORMATION SHALL BE PROVIDED ON A MONTHLY BASIS  
8 AND WITHIN REASONABLE PERIODS SET BY THE ELECTRIC PROVIDER. IF THE  
9 ELECTRICITY OUTPUT OF THE SYSTEM IS NOT FULLY SUBSCRIBED, THE  
10 ELECTRIC PROVIDER SHALL PURCHASE THE UNSUBSCRIBED RENEWABLE ENERGY  
11 AND THE RENEWABLE ENERGY CREDITS AT A RATE EQUAL TO THE ELECTRIC  
12 PROVIDER'S AVERAGE HOURLY INCREMENTAL COST OF ELECTRICITY SUPPLY  
13 OVER THE IMMEDIATELY PRECEDING CALENDAR YEAR.

14 SEC. 182F. (1) EACH ELECTRIC PROVIDER SHALL PROVIDE FOR  
15 INCLUDING LOW-INCOME CUSTOMERS AS SUBSCRIBERS TO A COMMUNITY  
16 RENEWABLE ENERGY SYSTEM IN ITS PROPOSED RENEWABLE ENERGY PLAN. THE  
17 ELECTRIC PROVIDER MAY GIVE PREFERENCE TO SYSTEMS THAT HAVE LOW-  
18 INCOME SUBSCRIBERS.

19 (2) AN ELECTRIC PROVIDER IS ELIGIBLE FOR THE INCENTIVES AND  
20 SUBJECT TO ANY OWNERSHIP LIMITATIONS SET FORTH IN THIS PART FOR  
21 INVESTMENTS IN COMMUNITY RENEWABLE ENERGY SYSTEMS AND MAY RECOVER  
22 THROUGH RATES A MARGIN, DETERMINED BY THE COMMISSION, ON ALL ENERGY  
23 AND RENEWABLE ENERGY CREDITS PURCHASED FROM COMMUNITY RENEWABLE  
24 ENERGY SYSTEMS. THESE INCENTIVE PAYMENTS ARE EXCLUDED FROM THE COST  
25 CALCULATIONS FOR LIFE-CYCLE COST OF RENEWABLE ENERGY UNDER THIS  
26 ACT.