

## **EXPAND ELIGIBILITY TO PURCHASE ELECTRICITY FROM ALTERNATIVE ELECTRIC SUPPLIER**

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<http://www.house.mi.gov/hfa>

**House Bill 4708 as introduced**  
**Sponsor: Rep. John Reilly**  
**Committee: Energy Policy**  
**Complete to 12-4-17**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

House Bill 4708 would amend the Michigan Public Service Commission Act to exempt electricity purchases from applicable education entities from counting toward a 10% cap on alternative electric purchases.

Currently, the Act requires that the Michigan Public Service Commission issue orders establishing the rates, terms, and conditions of service that allow retail customers to purchase service from an alternative electric supplier. The Act caps the amount of an electric utility's average weather-adjusted retail sales provided by an alternative electric supplier for the preceding calendar year at 10%, with exceptions.

HB 4708 would allow certain applicable education entities, including a public school (meaning a school district or an intermediate school district), public school academy (PSA), nonpublic school, state public university, community college, or independent nonprofit degree-granting college or university located in this state to purchase all or any portion of its electricity from an alternative electric supplier, regardless of whether the sales exceed 10% of the serving electric utility's average weather-adjusted retail sales.

Additionally, under the bill an applicable education entity's purchasing from an alternative electric supplier would not count toward the 10% limit on an electric utility's average weather-adjusted retail sales.

The bill would take effect 90 days after its enactment.

MCL 460.10a

### **FISCAL IMPACT:**

House Bill 4708 could both increase costs and reduce revenue for the state, but would reduce electricity costs for school districts, intermediate districts (ISDs), public school academies (PSAs), universities, and community colleges.

The Michigan Public Service Commission could experience increased costs associated with implementing capacity charges, in accordance with Section 6w of the Michigan Public Service Commission Act. The amount of these costs would depend on the number of

applicable education entities in service territories that do not currently have electric choice that would choose to pursue electric choice under this bill.

To the extent that under the bill additional non-exempt entities would become eligible to purchase electricity under the 10% alternative energy cap, state sales tax revenue would decline by an unknown amount, assuming that those entities received lower prices for purchasing alternative energy. However, without knowing which entities would become eligible and what the corresponding prices and quantities of energy purchased would be, a precise estimate cannot be determined. Roughly 73% of all sales tax revenue accrues to the School Aid Fund, while another 10% is dedicated to constitutional revenue sharing, and the majority of the balance is deposited in the general fund.

Public schools, PSAs, universities, and community colleges could experience reduced electricity costs by purchasing electricity from any supplier since they have experienced savings already under the current system when switching to alternative suppliers.

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