

Legislative Analysis



AGRICULTURAL OPERATIONS EXEMPTION FROM AES CAP

Phone: (517) 373-8080
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House Bill 5387 as introduced
Sponsor: Rep. Gary Glenn
Committee: Energy Policy
Complete to 2-16-18

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

SUMMARY:

House Bill 5387 would amend Public Act 3 of 1939, the Michigan Public Service Commission act, to allow an agricultural production or processing operation to purchase electricity from an alternative electric supplier (AES).

Currently, retail customers may take service from an AES. However, there is a 10% cap, so that no more than 10% of an electric utility's average weather-adjusted retail sales for the preceding calendar year may take service from an AES at any time. This means that once the utility reaches 10% in AES sales, no other entity that receives electricity from that utility may purchase electricity from an AES.

The bill would exempt agricultural production or processing operations from this provision and allow those operations to purchase all or any portion of their electricity from an AES, regardless of whether the sales exceed 10% of the serving electric utility's average weather-adjusted retail sales.

MCL 460.10a

FISCAL IMPACT:

House Bill 5387 could cause an increase in costs—of indeterminate magnitude—for the Public Service Commission, contained within the Department of Licensing and Regulatory Affairs. The department indicated that the bill has the potential of increasing the PSC's costs due to the implementation of capacity charges, in accordance with Section 6w of the Michigan Public Service Commission act. The amount of these costs would depend on how many new participants in electric choice are located in service areas that do not currently have electric choice.

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