

ELIMINATE TARIFF FOR DISTRIBUTED GENERATION AND NET METERING CUSTOMERS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 5692 and 5693 as introduced

Sponsor: Rep. Yousef Rabhi

Committee: Energy Policy

Complete to 4-30-18

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

SUMMARY:

House Bills 5692 and 5693 would amend provisions within the Michigan Public Service Commission enabling act and the Clean and Renewable Energy and Energy Waste Reduction Act relating to a tariff for distributed generation and net metering customers.

House Bill 5692 would amend Public Act 3 of 1939 (the Michigan Public Service Commission enabling act) to prevent the Public Service Commission from implementing a tariff for net metering or distributed generation customers.

Under the act, a gas or electric utility is prohibited from increasing its rates and charges or altering, changing, or amending any rate or rate schedules that would result in the increase of the cost of its services without first receiving Public Service Commission (PSC) approval as provided in the act. (Municipally owned electric utilities are not subject to PSC regulation, with the exception of the filing of a renewable energy plan as required by the Clean and Renewable Energy and Energy Waste Reduction Act. The PSC does not regulate the retail rates of electric cooperatives whose rates are member-regulated.)

In 2016, the act was amended by Public Act 341 of 2016 to require, by April 20, 2018, the PSC to conduct a study on an appropriate tariff that will reflect an equitable cost of service for utility revenue requirements for customers participating in a net metering or distributed generation program under the Clean and Renewable Energy and Energy Waste Reduction Act. The tariff must be approved by the PSC for inclusion in the rates of all customers participating in either of those programs in any rate case filed after June 1, 2018. (*Tariff* refers to the method a utility uses to charge a customer for energy consumption.)

The bill would remove the above requirement, which would prevent the PSC from implementing the tariff from its recent report¹ and would keep the current net metering program rate.

MCL 460.6a

¹ Report: https://www.michigan.gov/documents/mpsc/MPSC_Staff_DG_Report_with_Appendices_614779_7.pdf
PSC Order (April 18, 2018): https://www.michigan.gov/documents/mpsc/U-18383_4-18-18_620947_7.pdf

House Bill 5693 would amend the Clean and Renewable Energy and Energy Waste Reduction Act to reflect the changes proposed by HB 5692, as described above, by removing references to the tariff charged net metering and distributed generation customers under the Michigan Public Service Commission enabling act.

The bill would remove Section 177(5) of the Act, which provides that the tariff under the Michigan Public Service Commission enabling act cannot be reduced by any credit or other ratemaking mechanism for distributed generation. The bill would also remove a provision in the Act's definition of "modified net metering" that prohibits collecting the tariff more than once.

House Bill 5693 would also repeal Section 183 of the Act, which currently allows a customer who was participating in a PSC-approved net metering program before the PSC established a tariff under the Michigan Public Service Commission enabling act to elect to continue to receive service under the terms and conditions of that program for up to ten years from the date of enrollment, except with regard to any increase in generation capacity.

MCL 460.1007 et al.

FISCAL IMPACT:

House Bills 5692 and 5693 would not have a significant impact on the state or local units of government.

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.